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## WEST EUROPE REPORT

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## COMMENTARY ON EUROPEAN ROLE, DÉTENTE, ROGERS' STRATEGY

Rome RINASCITA in Italian 12 Nov 82 p 12

[Article by Aldo D'Alessio: 'Littler Italy Chockfull of Weapons']

[Text] Defense Minister Lelio Lagoria lays down the guidelines for military policy. The contradiction between rising spending levels and the continuing inefficiency of the armed forces. Danger lies in thinking about a rapid deterrence force equipped with nuclear weapons. And yet our country could play an important rôle in giving détente policy a new lease on life.

Several weeks ago, the communists in Parliament criticized Italy's military policy as spelled out by Defense Minister Lelio Lagoria before the Defense Commission. In addition to the contradiction between steadily rising levels of expenditures (1981: 7,510 billion; 1982: 10,020 billion, up 36 percent; 1983: 11,889 billion, up 18 percent, including civil defense) and the continued manifest inefficiency of our armed forces (such as their lack of mobility, as demonstrated in recent exercises, for emergency intervention at great distances from the point of departure), there was adverse comment on the strategic analysis, deemed simplistic and lacking in any substantial overall grasp of the situation.

Surprising in fact, and conducive to anxious reflection, is the decision substantially to ignore the great issues of the hour -- from the crisis in détente (disarmament negotiations are either sidetracked or stalled) to re-evaluation of policy on the use of force (the Falklands/Malvinas Islands, the Palestinian question, the Iran-Iraq war, etc.), to the consequent rearmament drive with new weapons of mass destruction (nuclear and toxic) -- in particular the repercussions of such decisions in the form of grave deterioration in relations between Europe and the United States, the decline of relations with the Third World, and the acute confrontation between the superpowers. This should suggest to a nation like Italy conduct not only more prudent but strongly marked in the area of restoring détente, cooperation, the development of a policy of confidence (in place of one of might) based on



the guarantee of security and on absolute protection of our national independence.

It would appear, however, that in the government, apart from a complete lack of perception of what are -- for a democratic nation -- the substantive problems of a defense strategy in the era of the threat of nuclear destruction, there is an increasing temptation to agree on a line of conduct centering on might based on a significant military presence outside the national borders, implemented as unilateral intervention, conceived without regard to any international cooperation, and insured with nuclear weapons not merely deterrent, but "tactical" and "theater." The minister has now repeated in this connection (and this time he has done it most clearly and in terms not simply of planning, but rather in terms of decisions already taken and tested), what in other vaguer and uncertain forms he had been saying ever since June 1980. In other words, that what is still with us and even more redoubtable is the "threatening centrality" of the Mediterranean area since the crises going on here -- in the Middle East as well as in North Africa and on the Horn of Africa -- have led to a dangerous destabilization, to a specific threat to our country and to the West in general, to the consequent necessity to make sure that Italy's "rôle," political and as a power, be made explicit and be recognized.

On the assumption that the Atlantic Alliance, given these changes in the situation, is not capable, as an institution, of giving our country a total guarantee of defense, the tendency now, at least formally, is to recover a degree of "autonomy," which is obviously not at all the same thing as independence.

The unilateral commitment to guarantee Malta's neutrality, the equally unilateral extension of the country's territorial waters, the whole business about spy submarines, and now the dispatch of a "mini-flotilla" into Somali waters can only be adjudged to be a repeated demonstration of the "rôle" the government would give our country (on the other hand, however, we would not count the matter of our troops' presence in Lebanon as part of this picture). The measures we have barely listed here do not look to us like a demonstration of independence, but rather look very like the development of a concept that ignores the radicalization of the clash, the inevitable decline in Europe's rôle, and the opportunistic need to accept, in toto, the strategy devised by the current American administration which, in that regard, has already set up a rapid intervention force requiring more bases, both strategic and logistical.

If what we truly seek is only Italy's "defense," we cannot share this approach. The "threats" cited here are situated in a global context which we simply must examine lest we run the risk of failing to understand even a portion of the present trends. The

mounting tension between East and West, where -- so long as the policy of might prevails -- we have moved to mutual distrust; the travail and heightened instability of the Third World; the spread of issues breeding clash and conflict among allied nations and even within the two blocs are all taking place in the context of a worldwide economic crisis which, in view of its features, in addition to radicalizing the North-South conflict, heightens competition among Western nations and triggers social emergencies in the capitalist nations.

Let's face it: the West is deeply divided over the proper way to deal with these problems. There is open disagreement as to the common defense strategy, and we are a long way from agreement as to the idea of restoring balance in "nuclear theater forces" (the Pershing II and cruise missiles) to which a number of Pact member nations are opposed; deep divisions have emerged over the Middle East, especially over the nature and content of Europe's initiative; in the last analysis it all boils down to dissent from the line chosen by the Reagan White House: staking everything on nuclear supremacy, starting up the arms race again, entertaining the notion of a limited nuclear war, and then, on that basis, conducting a far-reaching review of relations with Europe, with the USSR, and with the Third World from positions of power and hegemony.

There is no need to quote the so-called "four wise men" who were the authors of the "no first use" proposal, meaning renunciation of any consideration of being first to resort to the use of nuclear weapons (which is tantamount to dismantling the NATO "flexible response" doctrine), for us to perceive the perplexities and what we might call the refusal of this line, found not only on the socialist and democratic left, but even inside moderate political groups. It is important, however, to bear in mind the fact that the credibility -- both political and military -- of an alternative line has been accepted and explained in Italy by Army Chief of Staff Gen Capuzzo, and in NATO by the CinC, Gen Rogers, neither of whom, obviously, plans to make any presents to the communists, but who are both seeking to arrive at the strategic premises (renunciation of nuclear weapons) that would enable them to sit down with the European allies and renegotiate a relationship more consonant with their reciprocal requirements of independence and more closely attuned to the shifts that have occurred in the balance of power.

It is obvious that when it comes to this dimension of problems the cabinet "tug-of-war" over the Mediterranean threat is pretty small beer; in any case, these are the issues which the worker movement must concern itself with addressing. If in fact, the idea of saying "No" to nuclear war is persuasive as the strategic assumption for a new system of international relations and if we can share the belief that there must be a redressment of the East-West balance, there remains far more room for debate over the

prime conditions (building up "conventional" forces and restructuring the Atlantic Alliance around them), as set forth by the pundits as corollaries to the assumed given. In our view, top priority must go to the question of consensus and participation, and hence to doing away with the discrimination that has hamstrung our democracy and, more generally, has, in and of itself, ordained the Western system subordinate to the nuclear guarantee of the United States.

This, no other, is the basic problem with the so-called "new defense model." Abandonment -- on the grounds of its manifest impracticality -- of the nuclear strategy coincides with scrapping a reactionary doctrine designed to "govern" the world and to put down the masses, whose sole admitted function is to allow themselves to be atomized, -- wiped off the face of the earth. The reward for abandoning that view is putting the reasons for détente and peace back together again, which means restoring the leading rôles of peoples and states in building an order based on trust and on self-determination, guaranteed by security (and not by power backed with force).

Agreed, it is difficult if not impossible to conceive of such a change without an assumption of responsibility and a basic updating of the line hitherto followed by the USSR. There is no challenge to the right of self-defense, but there is a spelling-out of the need, in international and domestic relations, for fostering trust as a strategy for liberating peoples and for the progress of nations. The "defense model" which, insofar as we are concerned, emerges from this approach cannot be found anywhere in Mr Lagorio's "dynamic presence," any more than it can in disarmed neutrality. Credible armed forces, sustained by popular participation, nourished by thorough reform of the draft, guaranteed by an economy free of foreign manipulation, integrated into the civil structures of the society, provided with political and technical leadership, responsible and far-sighted; this, it seems to us, is the decision we must make to serve as a foundation for a policy of détente, as an expression of this nation's winning back its independence once again.

6182

CS0: 3528/37

## MUMCU CONTINUES STUDY OF FOREIGN TERROR SOURCES

Istanbul CUMHURIYET in Turkish 26 Oct 82 pp 1,11

["Observation" column by Ugur Mumcu: "More Clues"]

[Text] If we do not want to return to the horrifying period of terror that existed before 12 September 1980, we must make every effort to find the "foreign sources of terrorism." In the days when ideological differences were causing problematic tensions in the society, we tried to write about this solid fact behind terrorism and about arms smuggling with proofs and documents.

In the course of our research we found that these arms smugglers and members of the organized crime organizations known as the "Mafia" and the "godfathers" occupy important positions in many institutions and sectors. We were trying to explain these facts when we said in some articles that "what we cannot write is more important than what we are writing." One day we will show the proofs and documents about certain facts which we cannot write about now for various reasons and mainly because we see legal drawbacks.

The documents we have on our hands are so rich as to make many people lose their sleep and to make many faces go pale. What we have written so far are assurances of what we are going to write in the future.

Now that we have clearly restated these facts to "friends and foes out of necessity," we would like to turn to a smuggling case which has once again come to the forefront following the capture two days ago of a smuggling suspect called Celal Dereli.

On 27 January 1979, a fishing boat by the name of "Gayret" was boarded and searched by the police in the Arnavutkoy-Ortakoy area of Istanbul, and a special compartment in the boat was found to contain 287,500 rounds of German-made "Geco" brand 7.65 caliber ammunition in 115 boxes.

Subsequent investigation revealed that the ammunition was brought from Varna, Bulgaria by Alkan Keskin, one of the owners of the "Bagel Connector Elements" factory in Istanbul.

The destination point of the ammunition shipment was Bandirma. One of the buyers of the ammunition was Veli Kirci. A call was placed from Bandirma to Alkan Keskin's number in Istanbul, 73 26 58, and information was sought about the "merchandise."



Mustafa Ulker and Abdulaziz Kus, who called Alkan Keskin from Bandirma, and their drivers, Mehmet Surmeli, Huseyin Garip and Zekeriya Yagiz were subsequently arrested.

A second police search of "Gayret" revealed 612,500 more rounds of "Geco" brand ammunition in the fuel tanks of the boat. Thus, a total of 900,000 rounds of ammunition was found on the boat. Alkan Keskin was the "buyer" of this ammunition and Mustafa Ulker and Abdulaziz Kus were the distributors. But who provided the hard currency to buy the ammunition overseas?

This question was also resolved in the course of the investigation of the case. The foreign currency was provided by Omer Kaya, an automobile dealer in Laleli. Omer Kaya obtained this money from Zeki Yildiz.

The ammunition came from Bulgaria, "the smugglers' paradise." But they originated from the FRG, "our ally." The contacts were made by Alkan Keskin. "Gayret" put to sea from the port of Kavak with Veli Kirci at its helm and arrived at the port of Varna in Bulgaria on 25 January 1979. The boat returned to Istanbul on 27 January 1979 and contact was established with Mustafa Ulker and Abdulaziz Kus who were waiting for the "merchandise." At the time, Kus was staying at the Emrah Hotel in Laleli and Ulker was staying at the Belde Hotel in the same area.

Following an agreement reached at these hotels, Ulker and Kus went to Bandirma and prepared two trucks, one laden with onions and the other with potatoes. The ammunition would be hidden under the sacks of onions and potatoes. Two people, Erhan Abay and Erhan Cevik, were hired to carry the boxes of ammunition. But all this preparation was wasted; all the suspects were captured by the Istanbul and Bandirma police.

Celal Dereli, who was caught two days ago, is the second partner in the "Gayret" case. Dereli lives in Sariyer and is said to have a broad circle.

With the capture of Dereli another very important smuggling ring has been uncovered. Who did Nejat Soyler expose during his questioning at the Icel Security Directorate? What former Istanbul public officials were named in the week-long testimony of Osman Imamoglu, a smuggling suspect known as "Cayirovali Osman"? In what official's office did a public official by the name of Naci Ocalan confess that he obtained a forged passport, numbered 695263, bearing the name Nihat Yas and who did he obtain it from? What other sensitive offices did this public official who permitted the exchange of forged passports in his office hold in the last 2 to 3 years? Questions, questions, questions!

These incidents infest many institutions of the society like cancerous cells. These questions and question marks strike like lightning over the overground ties of the underground world. It is these ties that we are trying to expose to the public with the necessary documents. Our search is taking us to very interesting places and to very important people.

For your information.



## DEV-YOL TRIAL GETS UNDERWAY IN ANKARA

Istanbul CUMHURIYET in Turkish 19 Oct 82 pp 1,11

[Text] The Dev-Yol [Revolutionary Road] trial, with 574 defendants, began in Ankara yesterday. The prosecution has asked for the death penalty for 186 of the defendants in accordance with Article 146/1 of the Turkish Penal Code. The presiding judge, Ekrem Celenk, said: "This court obeys only the law and our consciences." Of the 574 defendants being tried by the First Military Court of the Ankara Martial Law Command 418 are under arrest. The case was opened by the Military Prosecutor on 26 February 1982 and is the biggest involving an organization so far. The indictment prepared by the Military Prosecutor charges the defendants with involvement in 78 murders, 75 murder attempts, almost 250 bombing and shooting incidents and various kidnaping incidents. The death penalty has been asked for 186 defendants, and prison sentences of between 5 and 15 years has been asked for 355 defendants and between 3 to 5 years for 35 defendants. The defendants are charged with the crime of "attempting to modify, change or annul all or part of the Constitution and to divert or to prevent the Grand National Assembly from performing its functions" between 1975 and 1981. Friends and relatives of the defendants wishing to attend the trial as observers began waiting in front of the second main entrance in the early morning hours. Only about 300 friends and relatives of the defendants could enter the courtroom because of a shortage of space. The attorneys and the observers were admitted to the courtroom at around 9 am. An official notified those in the courtroom that pictures must not be taken during the trial in a manner that would cause distraction and that everyone must stand up when the bench enters the room. The bench took their seats at around 9:25 am. There were 6 civilian jurists on the 9-member bench. The bench consisted of Chairman Brig Gen Yasar Selamoglu, presiding judge Ekrem Celenk (civilian), judge Semsettin Bilgin (civilian), judge Tuncer Buyuk Kaymakci (civilian), judge Cpt Fevzi Ugur, military prosecutor Maj Osman Simsek and civilian prosecutors Akin Oncul, Mustafa Ugur and Arif Gundogdu Gurses.

After the bench took their seats a roll of the defendants was taken. It was observed that the defendants were not seated in the order their names were listed in the indictment. Chairman Yasar Selamoglu asked all those in the courtroom to take their hats off. It was noticed that the defendants kept in the Ankara Security Prison were not in the courtroom. Chairman Selamoglu cautioned one of the observers by saying: "Lady, are you chewing gum?"

A large number of local and foreign press representatives were also present in the courtroom. A delegation consisting of Gerda Trautmann and three others from the

West German "Republican Lawyers Association" was also present at the hearing. It was learned that the said association sent the lawyers' delegation to Turkey to attend the trials and to prepare a report on their findings.

During the roll call, an elderly lady from the audience answered to the name Hayri Han, one of the defendants, and said: "My son is not in Ankara; I came instead. He works for the marketing department of a company. He will arrive in a week." When the name of another defendant, Ali Cakmak, was read, someone from the audience answered and said: "Present." Judge Celenk found Ali Cakmak's parents' names from the records and asked: "Are you the son of Yusuf and Elif?" When the person from the audience answered "yes," he was asked to sit with the rest of the defendants. When the name Sahin Tortopoglu was read, one of the defendants answered: "I am here. My name is Emin Tortopoglu." After checking the records, judge Celenk said that there is no defendant called Emin Tortopoglu and asked the person to sit with the audience.

There were around 40 defense attorneys in the courtroom. Following is a partial list of the names of the defense attorneys:

Munir Tufekcibasi, Nevzat Helvaci, Adnan Pekdem, Mehmet Atikcan, Rahmi Mavioglu, Cavit Bozkurt, Ertan Timur, Remzi Sirin, Savas Koker, Mehmet Yanik, Ibrahim Acan, Ibrahim Tezan, Resat Yalin, Sukru Gunel, Ismail Sami Cakmak, Tahir Tolunay, Ahmet Atak, Raif Cakir, Kazim Bayraktar, Mehdi Bektas, Sadettin Ucuncuoglu, Sedat Cakici, Emin Deger, Senal Sarihan, Muharrem Ugurlu, Cetin Tekdogan, Husnu Ondul, Huseyin Avni Altay, Ali Cicek, Rifat Inal, Mufit Yanmaz, Kemal Yucel, Mustafa Ozer, Ata Giritli, Bulent Uzer.

After the roll call was completed, presiding judge Ekrem Celenk said: "This court obeys only the law and our consciences. Anyone who claims the contrary is a slanderer. It is in your interests to be under the discretionary powers of this court. We worked for 12 to 15 hours a day for many days and nights. Anyone who does not comply with lawful court rules will bear responsibility for his acts." Later, the identities of the defendants were checked.

After the roll call was completed at 10:47 am, the court took a short recess. After the recess, the identity check procedure was begun. During the identity check procedure, one of the defendants, Ali Akgun, described his profession as "revolutionary." Akgun also said that he had previously been sentenced to 4 years in prison on a smuggling charge. Defendant Nedim Soylu described his profession as "member of Dev-Yol." Soylu also stated that he had previously been sentenced to death by the 2d Military Court of the Adana Martial Law Command.

Defendant Bunyamim Inan also described his occupation as "revolutionary." The identities of around 50 defendants were checked before the noon recess.

The identity check procedure continued in the afternoon session. After the court was adjourned at around 4:15 pm, the defendants stated that they were not allowed to bring their cigarettes to the courtroom that day and asked the court to take a decision on that issue. Judge Celenk said that the court could not decide on that issue and that he would ask the proper authorities to settle the problem.

It was learned that hearings in the Dev-Yol case will be held on Mondays, Wednesdays and Fridays.

Meanwhile, it was announced that hearings in the Ankara Turkish Communist Party case will be held in the main courtroom of the First Military Court [of the Ankara Martial Law Command] on Friday.

During the identity check procedure, judge Celenk said: "Being arrested does not mean conviction. Only God knows what will happen to those under arrest." The day's hearings were closed at 6:30 pm after the identity check of 201 defendants was completed. The hearings will resume tomorrow.

9588

CSO: 3554/33

## DEV-YOL TRIAL OPENS WITH INDICTMENT READING

Istanbul CUMHURIYET in Turkish 26 Oct 82 pp 1,9

[Text] Ankara--The reading of the indictment began yesterday at the Dev-Yol [Revolutionary Path] trial in which the prosecution has asked for the death penalty for 184 of the 572 defendants.

At yesterday's hearings at the First Military Court of the Ankara Martial Law Command a roll of the defendants was first taken. Later, the military prosecutor began reading the indictment. The 572 defendants are charged with the following crimes:

"Attempting to modify, change or annul all or part of the Constitution of the Republic and to divert or to prevent the Grand National Assembly, which has been formed by the authority of the Constitution, from performing its functions; finding shelter for and helping armed gangs bent on abolishing the Constitution, supplying them with arms and facilitating their movements; concealing criminals from government probes; smuggling and selling arms as a group and carrying arms and ammunition without permit."

The indictment shows the period 1975-1981 as the time of the crimes. The indictment was prepared by Military Prosecutor Col Nurettin Soyer, Col Muammer Aksut, Irfan Bacaksiz, Arif Gundogdu Gurses, Cpt Serdar Karapinar, Nasuhi Kurdoglu, Necdet Mutis, Metin Olmez, Akin Oncul, Unsal Sariduman, Maj Osman Simsek and Yavuz Yazicioglu. It was announced that the indictment incorporates investigation orders issued by the Ankara Martial Law Command on various dates as well as the investigation order issued on 14 April 1981.

In the indictment, the names of the defendants is followed by a section entitled "Birth and Development of Dev-Yol." This section says that the ideas endorsed by the illegal organization, Dev-Yol, are rooted in the principles of Marxism-Leninism, that these principles were reinterpreted by Mahir Cayan and his colleagues and that this interpretation formed the basis of Dev-Yol's views. The indictment states that it would be useful to determine the views of Marxism-Leninism, the Turkish People's Liberation Party-Front and Mahir Cayan before looking at the goals and the strategy of Dev-Yol. The indictment then briefly explains the development of Marxism starting from Karl Marx and Friedrich Engels. The indictment scans the history of Marxism under the subheadings "Materialism", "Dialectic Materialism", "Historical Materialism" and "Leninism" and says that the Marxist-Leninist

revolutionary theory consists of two--evolutionary and revolutionary--phases. The indictment alleges that the goal of the revolutionary strategy attempted in Turkey under the name "national democratic revolution" was the establishment of a socialist regime. The indictment says the following about developments in Turkey since 1960:

"In the 1960's, the Turkish Revolutionary Youth Federation, which became known as Dev-Genc, endorsed the strategy of national democratic revolution, and the leaders of this organization stated on several occasions that they were implementing this strategy. Dev-Genc occupied an important place in supplying militant cadres to various groups bent on changing the system of government in Turkey along Marxist-Leninist principles and in the establishment of an environment conducive to the formation of such groups. Around the end of 1965, Dev-Genc came under criticism on charges that its influence was limited to a war of words with the Federation of Intellectual Clubs, which was formed by the union of various intellectual clubs, and that it fell in the orbit of the pacifist and opportunist Turkish Labor Party of the time. A pamphlet entitled 'Revolutionary Struggle in the Turkey of 1965-1971 and Dev-Genc' said that 'the Federation of Intellectual Clubs never endorsed the idea of democratic revolution on the basis of Marxist-Leninist principles' and that 'the opportunism of the Turkish Labor Party is bankrupt in the face of the worker, peasant youth movements that are developing on their own and the intensifying class struggle.'"

The indictment explains that the implementation phase of the national democratic revolution strategy began after the election of Yusuf Kupeli as president of Dev-Genc in 1969 and that the occupation of universities and street rallies began after that date.

In the afternoon session of the hearing, the part of the indictment about the organization of Dev-Yol, its goals and strategies and its financial and arms sources was read. Then, the murder incidents the defendants are said to have been involved in were recounted. The indictment alleges that the defendants have killed 78 people.

After the murder incidents, the part on page 193 entitled "Attempts to Kill and Wound" was read.

9588

CSO: 3554/46



## SOVIET UNION SELLS MILLION TONS OF LIBYAN OIL TO NESTE

Helsinki HELSINGIN SANOMAT in Finnish 15 Oct 82 p 32

/Text/ Neste buys one million tons of Libyan crude oil to resell it on the world market. However, the oil is sold by the Soviet Union, and the purpose of this procedure is to balance trade between Finland and the Soviet Union. At present, Finland has a surplus of approximately 5 billion markkas.

This is the first time Neste is getting crude oil from the Soviet Union to be resold to third countries. The value of the transaction is more than one billion markkas.

"Our sole purpose is, by no means, to facilitate trade with the Socialist countries, but we try to develop the company's normal business activity. This is not the first time we are involved in /three-cornered/ trading business," says a spokesman from Neste.

Last year Neste purchased 300,000 tons of industrial gasoline and heavy fuel oil from the Soviet Union, and which it then resold.

The purchase is advantageous to Neste, for the all-round price of one billion markkas means that the price per barrel is less than \$30. Libyan crude oil is of high quality and its official price is \$37 per barrel.

## Unique Transaction

This arrangement is unique in the exchange of goods between Finland and the Soviet Union. The Libyan oil is not transported to either country, but the documents of the transaction are sent from Tripoli to the headquarters of Neste, located in Keilaniemi in Espoo, via Moscow. Thus the purchase can be documented as a transaction between Finland and the Soviet Union.

The Soviet Union is reselling the oil purchased from Libya, because it has had difficulties, every now and then, with its own production. Not too long ago, it had to reduce its sales to East Germany, and in the beginning of this year, the deliveries to Finland were slightly delayed.

The political and commercial cooperation between Libya and the Soviet Union is stable. So far, it is not known for what the Soviet Union traded its million tons of oil, which has now been sold to Neste.

Neste does not have direct connections with Libya. However, Finnish export building contractors have put pressure on the company to make it buy oil, but Neste has ignored the wishes of the builders.

## ELF, TOTAL MAY SOON EXTRACT OIL, GAS FROM ALWYN

Paris LES ECHOS in French 28 Sep 82 p 7

[Article by Ralph Back: "In the British North Sea: Elf and Total Could Finally Decide To Exploit the Elwyn Field"]

[Text] The decision to exploit the Alwyn oil and gas field in the North Sea under British jurisdiction could be made as early as next month, according to information from a French source. This decision would be made after the talks that Albin Chalandon, the CEO [chief executive officer] of ELF-Aquitaine, had in the middle of last week with the British energy minister.

ELF-Aquitaine holds a two-thirds share in this field, while the Total group, the prospecting-exploration operator on this base, holds the remaining third. Alwyn is a field with reserves of 310 million barrels oil equivalent (half gas and half crude oil) located in a structure reputed to be difficult.

Investments are very high for a relatively small production: they are reckoning on some 20 billion francs, whereas specialists estimate the cost of \$23 a barrel (which, nonetheless, guarantees profitability, thanks to the new tax status London has accorded marginal fields.)

In litigation between the French group and the British administration for a long time, this problem seems to have found a satisfactory solution. But that is not the only subject of disagreement. Paris is insisting that the French parapetroleum industry also be allowed to participate in the development of this field. But London is pressuring the French group to give work to British industry which is currently also in crisis.

Nigel Lawson, the secretary of state for energy, has had to face 2,000 layoffs in this industry since the beginning of the year.

## Parapetroleum Fallout?

Since at least two platforms are required to produce the oil and gas at Alwyn, which is located approximately 120 miles east of the Shetland Islands, its operational startup should be translated into a considerable number of orders.

Will Lawson agree to share this "pie" of orders with the French? Let us recall that, in Norway, the operational startup of the various gas fields in the north, in which there are French interests and which are now in operation, took place with a minimum of fallout for industrial interests in France.

Only ETPM [Company for Oil and Marine Works] was given a portion of the pipeline construction work connecting these fields to that of Ekofisk.

But Elf, which seems to show a great deal of reticence about investing in Alwyn in the current context, can play a good card: the operation of Alwyn will then allow the exploitation of a certain number of other marginal fields in the same sector which, because they are isolated, would not be economically viable.

For Lawson, that is not the only immediate problem: What interest will the oil companies take in the new section of 85 "blocks" that he has just freed in the various ocean zones of Great Britain? First off, he hopes for numerous candidates despite the great slowdown in efforts since the oil market has been in crisis.

9969

CSO: 3519/30

## NORTH SEA NATURAL GAS FIELDS DESCRIBED

Paris COMBUSTIBLES ET CARBURANTS in French Sep 82 p 14

[Article: "Frigg: The Oilfields of the North"]

[Text] The North Sea hides oil riches--that is now a piece of recognized and admitted knowledge, almost commonplace. However, it took exploits, time and tremendous financial resources for the availability, of which there was evidence 20 years ago, to become reality today. Technical efforts were numerous for the construction and installation of drilling platforms in the first deepwater field in the North Sea, that belonging to Frigg.

Three companies in particular participated in the development: Total, through its subsidiary Total Oil Marine, and Elf Aquitaine Norge for the French companies, as well as Norsk Hydro for Norway.

The particularity of the hydrocarbon field is that it produces gas brought by pipeline from the sea operation north of Scotland. Frigg is without doubt the expression of the dynamism in the area of research and has contributed to the improvement of the techniques of exploitation. These operations foreshadow the oil of tomorrow; that is, a sometimes difficult access to hydrocarbons which, as at Frigg, sometimes arrive in a gaseous form.

Recently, the Total company wanted to have a field demonstration of the reality of the efforts developed for tomorrow and invited the French National Federation of Fuel Merchant Associations, through its general president and its vice president Mr Moquet and Mr Bredeche, to the platform to see the operating process for themselves.

The gas, which belongs partially to the two nations, is treated in Great Britain because geology did not allow laying a pipeline to Norway at the time.

The Frigg operation consists of two treatment platforms and two drilling platforms, a platform for the personnel and an intermediate compression platform 180 km from the others, the MCP-01 which we visited. Through its two pipelines, the Frigg field produces 60 million cubic meters of gas per day.

In order to get an idea of the techniques applied, the gas pressure as it leaves the drilling platform is 140 bars.

Frigg gas treated in the land plant at Saint-Fergus covers a third of the gas needs of Great Britain.

The estimated reserves are 210 billion  $\text{m}^3$  of gas and production began at the end of 1977.

A visit to an operating platform for gas, or even for oil, teaches nothing about its nature.

In fact, nothing shows, except an almost industrial activity and a monitoring activity which, in the case of a gas operation, has to be huge.

The personnel living on these platforms stay there 2 weeks under conditions that, in winter, are often very difficult and trying.

The Frigg field figures among approximately 20 operations currently under way in the North Sea, some of which have names that are well known, if only due to radio weather reports: Ekofisk, Piper, Statfjord.

In the future, new fields will be opened on already known reserves and it is a good bet that if prospecting is intensified, other possibilities will be discovered in the North Sea which, despite its inhospitable conditions, has become a comforting sign of the possibilities for oil company prospecting and operations.

9969

CSO: 3519/31



## BRIEFS

NEW OIL FINDS—Pierre Maubeuge, inventor and Lorraine oil operator (4,000 tons in 1981) found black gold again last February in the Bray country, not far from Gamay, 17 km from Amiens. Four deliveries of fairly heavy crude have already been made to the refinery. Another discovery by the same prospector: several days ago a sounding in the Jura region supplied oil which, because there were no tanks, had to be reinjected immediately. Pierre Maubeuge and Replor have just applied for the lease for two new "blocks" in the Jura region. They intend to take on Alsace and the Dordogne next, while continuing drilling close to Bar-sur-Aube. In addition to his usual partners (Montenay, the SPI [expansion unknown]...), Pierre Maubeuge is now finding private individuals who are offering capital. Oil speculation is as powerful a motive in France as in Texas... [Text] [Paris L'USINE NOUVELLE in French 23 Sep 82 p 83] 9969

CSO: 3519/33

## PRESENT, FUTURE COAL MINING IN ASTURIAS

Madrid ABC in Spanish 14 Oct 82 Supplement pp 18-20

[Article by HUNOSA President Jose Manual Fernandez Felgueroso]

[Excerpts] At the present time, with an economy increasingly diversified as a result of increasing intercommunication, coal mining is continuing to be extraordinarily important for the area. In 1981, soft coal mining employed 25,674 workers and anthracite, 2,700, amounting to 10 percent of the active work force. If we consider the families of the workers, passive mining personnel and the employees of auxiliary businesses, we shall get an idea of the enormous importance coal mining has with regard to present-day Asturias. It is estimated that some 140,000 Asturians are employed, directly or indirectly, by HUNOSA [National Northern Coal Enterprise] alone. For present Asturias the disappearance of coal mining would have all the characteristics of a tremendous catastrophe.

Fortunately, these days Asturias' interest in coal is in harmony with the national interest. Asturian coal is now experiencing a new spring as is occurring everywhere else. Obviously, before that time it had to overcome a hard winter which began to show up in all its severity in the mid-1960's when the energy policy leaned decidedly toward the petroleum option. Only the nationalization of the most important Asturian oil firms prevented the sector from totally collapsing. HUNOSA was established in 1967 and, through a process of successive integrations, it reached its present status in 1971 with the INI [National Institute of Industry] as its only shareholder. In that year, there was a total of 31,015 workers employed in the Asturian coal mines, or about 20,000 less than in 1851.

The energy crisis, which began in 1973, was to bring about profound changes in the Spanish economic policy. The National Energy Plan (PEN), with its successive revisions, established a program of substituting imported products, particularly in the oil sector, with others of domestic origin. It should be emphasized that, despite the well-known inflexibility of the coal supply to meet the urgent stimuli of demand, Spanish coal was able to play a role of great importance in the recent and hard years which felt the greatest effect of the energy crisis, participating in a brilliant manner in the redistribution of the participation of the domestic energy sources.

Asturian coal contributed fully to this line of conduct. Soft coal production went from 4,748,000 tons in 1979 to 5,546,000 tons in 1981, an increase of 16.7 percent, and the production of anthracite increased by 17.2 percent during the same period, increasing from 1,058,609 tons to 1,241,253 tons.

The construction of new thermoelectric groups in the area, both for oil consumption (Lada, Soto de Ribera, Abono) and for anthracite (Soto de la Barca), in bringing about a heavy increase in the already extensive demand for thermal coal in the area, will make it necessary to sustain the productive effort of Asturian mining.

#### HUNOSA With Regard to the Future

In 1981, Asturias produced 58.2 percent of the domestic soft coal and 27 percent of the anthracite. Soft coal is concentrated in the central region and is produced mainly by state firms (HUNOSA, Figueredo Mines), although there are some important private firms such as La Camocha and Lieres. As an exception, due to its geographical location, Minas de Coto Cortes operates in Degana above the Cordillera Cantabrica divide, an excellent deposit which is favorably different from that of the central area which is characterized by strongly inclined layers and frequent distortions which, in turn, have always made mining in that area difficult and costly. Anthracite deposits are found basically in the large municipalities of Cangas del Narcea and Tineo, and the important reserves of their deposits assure them an important future.

In any case, the future of Asturian mining appears inevitably linked with that of HUNOSA which is not only the most important Spanish mining enterprise but also the heir of the most important mining tradition in the area (quantitatively and qualitatively).

During a brief but intense history, HUNOSA has projected a scarcely gratifying picture for its own workers and even for the Asturians themselves. Those of us who work at the firm should honestly accept the fact that we have had a fair share of responsibility for the company's "bad reputation," built up with ingredients such as losses, conflicts, accidents and other factors. But it is also certain that outside factors had an effect on the firm's deterioration, which culminated in 1980. HUNOSA was frequently like a plane in flight, with a large crew and full tanks of fuel but no specified destination.

This deficiency was resolved at the beginning of 1981 with a resolution by the Delegated Committee for Governmental Economic Affairs in which HUNOSA was given certain objectives and a time limit of 1984 to achieve those objectives. In the last analysis, the objectives were simply to reduce the operating costs per ton of coal produced to the level of the costs being experienced by other European coal enterprises (for example, those of Nord, Pas de Calais and Belgian mining companies) which are exploiting deposits with similar geological characteristics. HUNOSA's management and labor sat down immediately to negotiate on how to achieve that objective. On 5 June 1981, after 4 months of intensive negotiations, the HUNOSA

Reconversion Plan was signed, to be effective for 3 years (1981-1983). It would be excessively tedious to reproduce here the important commitments both sides agreed to with the backing of the INI which will furnish the funds necessary to make it possible to carry out the terms of the agreement.

In any case, from the standpoint of production it should be noted that there was a commitment to improve the yield of underground mining by 400,000 tons. And as significant aspects with regard to the future of the enterprise, it should be noted that the financial support of the plan will make it possible to reopen the Olloniego pit and expand the utilization of the new Modesto plants at the Nalon coal mine, the most important overall underground mining project ever undertaken in the history of Asturian underground mining. Moreover, HUNOSA will continue with open-cut mining which is giving excellent results; however, there is one condition: the combined operation must not produce losses.

The parties who signed the HUNOSA reconversion agreements are aware that only their successful accomplishment will guarantee the company's future. But the importance of the plan does not stop here. In practical terms, the reconversion plan laid the foundations for a new HUNOSA. In fact, one of its first accomplishments was to make possible in 1981 the signing of a contract program between HUNOSA and the state placing the firm in a much more favorable position--from the management aspect and even that of its reputation--than any since its founding. Although, since then, the state has subsidized HUNOSA's losses, as extensive as they might have been, the contract program calls for state support in terms of the production obtained so that there is a subsidy per underground ton actually produced while, at the same time, HUNOSA is assigned maximum obtainable losses year by year, with the stipulation that those losses must decrease and finally disappear. With this type of handling, similar to that of sizable coal mines in the EEC, HUNOSA is finally abandoning the mendicant image which has done it so much harm while, at the same time, decidedly assuming its responsibilities which should restore it as a company whose existence is fully justified in the eyes of all Spaniards.

Moreover, the contract-program formula is being expanded to other Asturian coal-mine companies. Private firms, such as Minas de la Camocha, or public firms, such as Minas de Figaredo, are presently negotiating similar forms of contractual relation with the state.

Thus, Asturian coal is getting its bearings for a future whose uncertainty, so far as we know, is not centered in a continuity of the mining activity, which appears secure over the long term, but in the fate of coal in the next century; in this respect, it is not difficult to proclaim a more noble use--namely, that of simply being burned in the boiler of a thermal power plant.



PRODUCTION OF ASTURIAN COAL

(In tons)

(In parentheses, national total)

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Soft coal	4,748,307 (7,871,347)	5,145,229 (8,741,565)	5,545,853 (9,435,594)
Anthracite	1,058,609 (3,680,578)	1,123,783 (3,887,200)	1,241,253 (4,611,416)

Source: Carbunion.

8568

CSO: 3548/24

## COSTS TO EEC OF SPANISH ACCESSION ESTIMATED

Madrid ACTUALIDAD ECONOMICA in Spanish 7 Oct 82 pp 23-24

[Article by Carmer Remírez de Ganuza]

[Text] At the same time last June that the European Communities Commission was deciding to formally bring negotiations with Spain to a halt, with the purpose of taking stock of the cost of Spain's entry, the Spanish Ministry of Finance was completing its third and final study on that same topic. Although various amounts of up to a billion Units of Account (ECU=100 pesetas) have been mentioned in recent months by publications like EUROPA and EURO-POLITIQUE, the Spanish document asserts that although the budgetary balance does indeed come out in Spain's favor, it comes to between 336 and 400 million ECUs on the basis of fiscal year 1980, the latest year for which macroeconomic data is available, and on the basis of which the Commission is also preparing its famous inventory.

## Agreements

The drafting of documents like the present one already has a history behind it: in 1979 Spaniards and Community people were in agreement on the financial burden of Spanish entry and the moderate imbalance in amounts between Spanish contributions to the Community budget and budget contributions of the Community to Spain.

The budget receipts of the Community come from three sources: agricultural "prelevements" (Community taxes on imports of agricultural products from third countries), the common foreign tariff, and 1 percent of what each member country collects through the value added tax. As for the Community's expenditures, they are distributed among the agricultural costs of the EAGGF--both for guarantee and orientation; expenses of the Social Fund; expenses of a regional nature--arising from the European Fund for Regional Development--and other less important contributions.

## Discrepancies

The problem of valuation arose later, when in the course of recent months it spread like lava into different Community circles. It was more a current of opinion than a strictly technical one, and it emphasized the excessive budgetary burden that Spain's accession is going to involve for the Community.

This trend, which in itself led to the putting into operation again of the Spanish Ministry of Finance's teams of experts, became the reason--deeper political motivations aside--for a new and more open "breakdown" in the negotiations. The deep tide of the crisis in the Community--specifically, a budget crisis caused by British complaints, and even one from the Germans on their excessive contribution to the Community budget--was the framework in which the topic was raised again. The Commission asked its member countries for reports on the specific repercussions that Spain's entry would have on their economies--reports which, according to sources in the Spanish ministry, are already arriving--and they will form the basis on which the famous inventory will be drawn up.

But what surprised the Spanish administration was not so much the breakdown in negotiations as the very reason that was given for it: in fact, the 1980 Community budget had been revised in respect to the two previous years, which were more similar to each other; but even then it could not have been said that there was "excessive" imbalance in favor of the country wanting to join. And therefore the latest study was done, among the different Spanish economic ministries, under the coordination of the general technical secretariat of the Ministry of Finance.

#### Revised Figures

In the opinion of Francisco de la Riva, assistant director general of financial studies and international organizations in that general technical secretariat and coordinator of the study, the 336 and 400 million Units of Account--the figures between which the balance in Spain's favor ranges, according to this latest study--"are extraordinarily moderate sums, which we think do not in any way justify the Community's fears, which make a point of how much it will cost of Spain to join."

However they do represent an increase of some 200 million Units of Account over the 1978 and 1979 figures. "The increase is a result of the modification of Community policies themselves. It must be kept in mind that the EEC budget was substantially modified between 1978 and 1980, at least in some quantitative aspects--for example, in regional policy, the budget for which stood at somewhere around a billion ECUs in 1978, and which in 1980 increased to 1.7 billion--a budget from which Spain could be a major recipient because of its substantial regional imbalances. In the same way, the amount which we would have received from the Social Fund when the number of unemployed went up has increased..."

The "Report on the Financial Burden of Spain's joining the European Communities," which is its title, is a static study based on fiscal year 1980, which does not take into account the transition period anticipated before full membership. It also, of course, does not allow for changes which may occur in the future in different community policies. What it really studies and analyzes are the financial fluctuations of the budget, so that monetary currents are excluded, as is income stemming from the free movement of workers, the removal of tariffs, commercial trends, movements of capital, etc.

According to figures in the report, the Community's financial contributions in Spain amount to between 2.152 and 2.217 billion Units of Account; while

funds contributed by Spain to the Community's budget stand at 1.816 billion Units of Account, which means there is a difference of between 336 and 401 million Units of Account in favor of the new member country.

The value-added tax is the most important item in the Spanish contribution. From it the Community would receive 925 million Units of Account: as for the contribution of the Community to Spain, the community organization from which Spain benefits most is the Guarantee section of the EAGGF, which is devoted to the financing of agricultural production, and from which, according to the report, it would receive 1.174 billion Units of Account.

Within this broad budgetary section, the sectors most benefited would be--in this order: fat products, with 537.26 million; dairy products, with 113,23 million; wine, with 69.62 million; tobacco with 63.95 million, and cereals, with 56.32 million Units of Account.

The second most important budget item for Spain from the quantitative point of view would be the one already mentioned of the Regional Fund, from which between 250 and 380 million Units of Account would be received. This amount is barely greater than that coming from the Social Fund, from which between 195 and 210 million Units of Account would be received, mostly directed toward alleviating problems like unemployment.

This and other data compiled from the analysis of other instruments of the Community's finances which are not specifically budgetary--contributions to the European Investment Bank, European Development Fund, the ECSC Joint Fund for Raw Materials and Budget--are going to circulate in coming weeks through the offices of the Commission Headquarters in Brussels, since even if an official presentation of the report is not anticipated, it appears that it will give rise to various meetings between Spanish and Community officials.

#### THE SPANISH BALANCE SHEET

(Budgetary contributions of Spain to the EEC and vice versa, in case it has full membership)

INCOME TO THE COMMUNITY	Millions of units of account	INCOME TO SPAIN	Millions of units of account
"Prelevements" (Taxes on imports)	482.5	EAGGF (Financing of Agricultural Production)	1,240
Customs Duties	370.9	Social Fund	195-210
VAT	925	Regional Fund	250-380
		10% Reimbursement	87
		Other contributions	180-200
TOTAL	1,815.9	TOTAL	2,152-2,217

Data based on the 1980 Community budget.

Source: Ministry of Finance

## POLITICIANS ON POLITICAL, ECONOMIC PROBLEMS OF BRUSSELS

Brussels LE SOIR in French 8 Oct 82 p 5

[Interview with Mr Van der Stappen, president of the Brussels Chamber of Commerce, Mr Francis Delperee, UCL [Catholic University of Louvain] professor of constitutional law, and Mr Guido Deblaere, secretary general of the Brabant Regional Economic Council, by Guy Duplat, Pierre Lefevre and J. Van Hoorebeeke; date and place of interview not specified; "Brussels and Its Economic Problems: Do All Its Misfortunes Come From Shaky Regionalization?"]

[Text] "The old-time Belgium is dead," Gaston Eyskens announced in 1970 from the rostrum of the Chamber. With an article of the constitution, "107 D," regionalized Belgium was born. Provision was made for three Regions: the Flemish Region, the Walloon Region, and the Brussels Region.

Twelve years have passed--twelve years of community struggles to implement that article. The successive governments have run into trouble over the obstacle it presented. Flanders did not want Brussels a full-fledged region and the issue seemed like a Great Wall of China. Vint Wilfried Martens came along and skirted the obstacle by putting Brussels "on ice." Article 107 D would be implemented only partially. Flanders and Wallonia started lives of their own in August 1980. Brussels--no longer even having Flanders and Wallonia to help it win its status--remained in the national fold, its little hand holding on to the big paw of the Belgian Government.

Of course promises were made to rapidly settle the issue. But two years have passed without any resolution.

Has the freezing of the situation had harmful consequences for Brussels? All the French-speaking parties say over and over that it has. More significant is the reaction of a "unitarian" like Mr Van der Stappen, president of the Brussels Chamber of Commerce, who denounces the "legal void" in Brussels, the lack of institutions capable of speaking on equal



terms with the other two regions. Even the Flemish parties are saying that something will have to be done with Brussels. But what?

Two years after the vote on the regionalization laws no progress has been made. Francois Perin feels that Brussels as a third full-fledged region is impossible in the present context in Belgium. The Flemish will never accept it. And that consequently it is better to adapt to the present situation and develop what can be developed. On the other hand, for the FDF [Democratic Front of Brussels French-Speakers], and for Francis Delperee, UCL [Catholic University of Louvain] professor of constitutional law, Brussels' frozen situation threatens, in the future, the very existence of Belgium!

Guido Deblaere, a Fleming from Brussels and secretary general of the Brabant Regional Economic Council, feels that the current situation in Brussels is not as gloomy as the French-speakers keep saying it is. Of course there is a shortage of financial resources, but isn't that the case everywhere? And he proposes that time be taken to find a "lasting" solution.

But there is the risk that this time of uncertainty will chase away his company heads, Mr. Van der Stappen feels. That is the crux of the debate that we are presenting to you.

[Question] Can you first of all give a brief assessment of the Brussels situation?

Mr Delperee: The question is first whether Brussels exists--whether Brussels has the right to speak. One sees that the current political debate is stated in terms of conflicts among the regions and the linguistic communities. And in that debate Brussels is absent. Regarding economic and social issues the Brussels Chamber of Commerce has very definitely shown how Brussels' lack of political power is creating a very dangerous situation for companies and for families.

Mr Van der Stappen: It is true that people keep on and on about the decline of Brussels. But I would like to say that that assessment seems excessively pessimistic to me. Brussels has some specific characteristics which are its strength and its weakness. Its surface area is nearly all built-up, and its economic activity is very much oriented toward the other two regions. One cannot get away from those characteristics.

Brussels, with only 0.5 percent of Belgium's land area, produces 16.1 percent of the country's gross national product!

Six hundred thousand people work in Brussels. Great numbers of commuters come from the two regions. Nor should we disregard our role as capital of Europe and as a large international conference city.

Brussels has advantages that it would be good to keep. But on the other hand there is the institutional deterioration that we have denounced and which handicaps our firms.

Mr Deblaere: Brussels has not been spared by the general economic crisis. Unemployment is quite considerable in Brussels. This serious situation concerns me as a Fleming as well. Brussels indeed still remains our capital too. Great numbers of Flemish commuters come to Brussels to earn their living, and for Flanders a prosperous Brussels region is more advantageous than economic contacts with a far-away land!

But the general economic situation is so bad and the urban problems of Brussels so big that one does not have to look elsewhere for the reasons for the problems found in the Brussels economy. Does Brussels really lack institutions? Is Brussels handicapped? No, in my opinion. And one must be careful not to see Brussels' problems only through the glass of excessive legalism. The absence of Brussels institutions does not hurt the Brussels region as much as you keep on saying!

Mr Delperee: Who holds power in Brussels? The Brussels Executive. But it does not represent the Brussels population! The parties which make up that Executive only represent 33.6 percent of the inhabitants of Brussels. When Mr Demuyter defends Brussels in the central government, the others can say to him, "But who are you speaking for, Mr Demuyter?" In the conflict that occurs between the regions, the inhabitants of Brussels don't have any means of applying pressure.

Mr Deblaere: But what more could a Brussels Executive do that is independent of the central government that the present Brussels Executive does?

Mr Delperee: I am frightened when I see Mr Geens going all over the world and proclaiming everywhere that Flanders is strong. That is good for Flanders but not for Brussels.

Mr Deblaere: Mr Demuyter could do the same thing and "sell Brussels."

Mr Delperee: But Mr Demuyter is not "invested" with authority--he doesn't really represent Brussels.

Mr Van der Stappen: The lack of Brussels institutions legally equivalent to those of the other regions has harmful economic repercussions for Brussels. I would like to cite two examples. Brussels is not represented in the contract allocation for military orders and this in turn may have serious consequences in the metal construction and construction sectors.

In addition, Brussels is "forgotten" in the Coordination Committee for Market Overts (COC).

Both Flanders and Wallonia forget to talk about Brussels. And Mr Damseaux, like Mr Geens, goes all over the world without talking about the potential of the Brussels Region.

#### Company Heads Going Off

Mr Delperee: I would like to add that Brussels only receives a parliamentary grant while the other two regions are able to benefit from their own resources.

Mr Deblaere: But what you aren't mentioning are the advantages that Brussels gets out of its present status. Its communes have been able to borrow with State guarantees because the Brussels Executive is still included in the central government. The communes of the other two regions can only get regional guarantees, which, however, carry less weight on foreign markets than State guarantees.

Mr Van der Stappen: I would like to emphasize the difficult role of a company head in Brussels. In the current fuzziness and institutional tangle I am afraid that a number of them are preferring to go off into another region.

I would also like to mention that we are asking for a revision of the allocation framework system. The land area criterion is particularly unfair to Brussels. It must be adjusted or indeed done away with.

[Question] But that is going to hurt Wallonia!

Mr Van der Stappen: We are all going to have to agree on a revision of the system. Our Chamber of Commerce is bilingual and we refuse to play one region against another.

Mr Deblaere: I find that the issues are being over politicized. It is dangerous to believe that in order for Brussels to be healthy new institutions just have to be set up in Brussels!

You talk about the COC, but it is the central government--with equal representation of all sides--that has supreme control over the COC; and it seems to me that Mr Maldague, its chairman, hasn't received any order to eliminate Brussels, has he? The problem, if there is a problem, is therefore not simply institutional.

#### A Pinhead

[Question] But why is Brussels receiving the smallest share in the big overt market if the government is characterized by equal representation?

Mr Deblaere: I don't really believe that Brussels is being wronged in the big overt market. And when people talk about the regional missions of

Messrs Geens and Damseaux they forget to mention the role of the national missions abroad by, for example, the OBCE [Belgian Foreign Trade Office?] and FABRIMETAL [Federation of (Belgian) Metal Manufacturers].

[Question] But might not one be afraid that the national bodies are "getting emptied" to the benefit of the regional bodies?

Mr Van der Stappen: We are not asking that Brussels in its turn take off abroad on promotional tours. Our country isn't any larger than a pinhead. It is ridiculous not to boast to excess about the country's "entire" potential. If we are calling for real Brussels institutions it is in order to then be able to better organize the economic connections among the three regions.

[Question] What is your opinion on the issue of the 19-commune limitation "yoke"?

Mr Van der Stappen: The issue is purely political and we don't need to intrude in that area.

Mr Deblaere: The issue is political. In the economic area and for the working world it is clear that the boundaries of Brussels are the whole of Belgium.

Mr Delperee: This issue is indeed a political issue. And, I would like to add, an issue of democracy. But even on the economic level it is obvious that a Brussels Region which is a circle with a 30-km radius would have more weight than a 10-km radius Region!

Letting Brussels "Rot"

Mr Deblaere: I would like to go back to the issue of Brussels institutions. I grant you that there is no Brussels assembly but that doesn't seem the most important thing to me. I admit that the Brussels Executive's representation is not democratic, but from the operational standpoint the tools do exist to carry out a real Brussels policy. In Brussels--Belgian and European capital--the Brussels Executive can do what it likes. It has a parliamentary grant and, in addition, considerable advantages! And as for the allocation framework, I would like to point out that all parties were in agreement!

Mr Van der Stappen: I am not talking about a status for Brussels that would be equivalent to that of the other two regions. One must take into account the three specific things Brussels is: Region, capital of Belgium, and capital of Europe.

In order to define its status, we must go beyond the purely political context. That status is also of concern to the managers of companies. I am struck by the growing interest they are taking in these issues. A few years ago they didn't feel concerned by regionalization, but nowadays they are uneasy. And some are even wondering if there isn't a deliberate intention of letting the Brussels Region rot.



Mr Deblaere: Do you really believe that? Is it really a question of letting things rot or are those the hazards of regionalization? It is definitely necessary to reconcile the creation of a Brussels Region with the city's status as the country's capital city.

Mr Delperee: But the problem is crucial and urgent. The companies must be brought to life!

Mr Deblaere: You are exaggerating. Brussels PME's [small- and medium-sized businesses] receive the most assistance in the country. Brussels is getting along better than the other regions.

#### Suffering From Its Being Bilingual

[Question] Let us turn to matters that have a personal dimension, ones that directly affect everyone. Is Brussels suffering from its being bilingual?

Mr Delperee: I will answer with an unconventional attack. It is the ministers of national education, from Quievrain and Damme, who are in charge of the institutions in Brussels involving relations between the two linguistic communities. Isn't that ridiculous?

Mr Deblaere: But that's not new. It has always been national ministers who have been in charge of those issues. Did things used to go so badly in the past?

Mr Delperee: But now those two national ministers don't always understand each other.

#### Getting Past the Communities Dimension

[Question] Do you think that these local elections will be able to have a national impact?

Mr Delperee: For 15 years I have been observing that all the local elections in Brussels and in the other large cities have a broader impact than merely a local one. Everyone can see that the survival of local institutions depends quite often on decisions taken at the national level.

Mr Van der Stappen: After 10 October the joint parliamentary commission should be able to finally tackle "what is to become of" the Brussels Region.

Mr Delperee: The government is playing "Pontius Pilate." It does not want to take any initiative, just when it is the government that by means of special powers is taking all the initiatives nowadays and even though the Martens III government was the father of regionalization.

But since we have four big universities located within a radius of 30 km around Brussels, why not ask them to produce concrete proposals to get Brussels out of its frozen situation?--solutions that would join together all the communities living in Brussels: French-speakers, Flemings, and foreigners.



Mr Van der Stappen: Couldn't the Brussels problem indeed be studied more calmly and without formulating community preconditions? I lay great stress on getting past our communities problems and, on the other hand, on the importance of Brussels' role in the center of Belgium and of Europe.

Mr Delperee: The local elections in Brussels can be important if a genuine political determination to take care of Brussels emerges from them.

Mr Deblaere: The current government has clearly announced that it would grant priority to economic problems. And these local elections must first serve the purpose of approving the leadership of the communes. After the elections, on the other hand, we will be able to see how to lay the groundwork.

Brussels, Government City?

[Question] What do you think of the idea of making Brussels a European government-city?

Mr Van der Stappen: You have to know what you want. Brussels has some assets. To dream about external solutions is doing the people of Brussels a disservice. Our appeal to the realm of politics is intended to sort out the Brussels problem so as to bring people closer together. We don't want separatism.

Mr Delperee: I don't believe that this European status is a good idea. Let us start by implementing the Constitution.

Mr Deblaere: If we start to think about statuses like that one then it is the end of Belgium! There are big economic connections and reinforcements between the regions. Nobody in Flanders has any interest in seeing Brussels or Wallonia die. It is ridiculous to think they do.

Mr Delperee: But if there is no way to come up with a statute for Brussels, I fear for its survival.

Mr Deblaere: Everyone wants to come up with a good statute for Brussels. But do we really have time nowadays to deal with that at a time when we are bombarded by economic problems?

[Question] Are the Flemings dissatisfied with the fate in store for them? What are they asking for?

Mr Deblaere: The question is whether Flemish people will be able to live in Brussels with their special nature and their own cultural life.

[Question] How would you sum up?

Mr Delperee: Without a statute for Brussels, the survival of the Belgian state is threatened!

Mr Deblaere: We must take the time to find a good solution which will "last." Brussels' future is linked to the conception that one wants to have of Belgium. If the regions no longer believe in Belgium, no solution will be found, but if everyone is in agreement about Brussels being the capital of the country, then one will be found!

9631

CSO: 3619/4

## SOCIALISTS' VAN MIERT ON ECONOMIC, POLITICAL ISSUES

Brussels KNACK in Dutch 13 Oct 82 pp 45-52

[Interview with Van Miert: "We Are Regaining Our Hold."]

The young PVV [Party of Freedom and Progress] Chairman Guy Verhofstadt exclaimed recently that he was fed up with Karel Van Miert. It struck us indeed that after months of silence the SP [Socialist Party] Chairman's eloquence is steadily improving. In spite of the varied results his campaign for the municipal elections have been a success. Evening after evening a population beaten into submission by its present government came to listen to his words.

Karel Van Miert; I foresee in the near future the possibility of significant shifts in political accents among Flemish voters. Since last year's November elections there is a distinct possibility that new perspectives will be seen in Flanders. Consider, for example, foreign policy. Points of view we supported practically alone a few years ago are now more generally supported. When we discussed Zaire the CVP [Social Christian Party] used to react with indignation but they are now following our example. The Flemish socialists introduced quite a few topics which are now finding broader support. Experience taught us that there were few promises for the future in the way in which the prior government managed its affairs. I am referring to the classical squabbles about regional powers which are still going on. It only appears to be a little less conspicuous because the CVP became a lot more flexible. Under the previous government the CVP attacked the steel problems from all directions, but now that the money sluices are wider open than ever before, it keeps quiet. However, like it or not, we will have to enter a new round of regional discussions. The powers of the regions will have to be better defined, they should have much greater financial responsibilities of their own. As far as this point is concerned I fail to understand the Volksunie [People's Union] which demands regionalization of education as soon as possible. This can indeed only be discussed after the regions' own financial responsibilities have been clarified. We are still far removed from a solution. But we are willing to discuss these things with the Volksunie to improve harmony.

[Question] Do not you have to discuss this first with your neighbor on this same floor, the chairman of the Walloon socialists?

Van Miert: Yes, we will do that. I am approaching the Walloons under the assumption that they want more autonomy and that it can be discussed, and also financial responsibility. Our goals should be clear. A lot of conflicts can perhaps be eliminated if we improve the implementation of autonomy, so that everybody concerned can apply his own accent and emphasis to a greater degree than heretofore possible. The SP wants to go ahead in this respect in the Flemish part of the country. The Flemish Economic Union is there now too dominant in the regional government, this does not reflect the real situation in our region. An opinion poll we sponsored shows, for example, that, as regards the installation of missiles, the mentality in Flanders is very different from the one in Wallonia. In Flanders 70 percent of the people reject it unconditionally, whereas in Wallonia only 40 to 44 percent of the people. In Flanders only 5 percent of the people are unconditionally in favor, but this percentage goes in Wallonia up to 15 percent. This demonstrates the need for each side to apply its own accent, and Flemish socialists want to take the lead in this respect. One should not be naive and ignore the CVP's urge to take over. Because they lost 12 percent of the vote on 8 November does not mean that they no longer act as if they have an absolute majority in Flanders. The PVV does not put up any resistance. A year and a half ago Willy De Clercq reproached us, for instance, for our weak stand on education vis-a-vis the CVP, but now he allows them to go ahead as they please.

[Question] Guy Verhofstadt said that his party is no longer supporting the form of federal education.

Van Miert: I believe that Verhofstadt is blaming the federal government for organizing education, that is what it amounts to. Everywhere else in the world education is considered one of the primary responsibilities of the government, via subsidies or via its own organizations, but that is here already viewed as excessive. On the other hand, the PVV has in recent years often been involved in federal education. Herman De Croo was in charge of education under the first Tindemans government. The entire mismanagement of the Building Fund dates back to that period, including the appointment of hundreds of incompetent workers. The PVV ought to show more modesty in this respect. Education is to us a task based on pluralism and the public interest, we want to pursue this. That does not exclude rationalization, but the Volksunie's viewpoint is too naive. For the sake of regionalization they are willing to close their eyes and to leave everything in the hands of the CVP.

[Question] Should there be a discussion between the Flemish parties to formulate such shifts in political accents?

Van Miert: Serious discussions should be organized on a number of subjects, including, for instance, industrial policies in Flanders. We are now experiencing that this is largely left to be decided by the Flemish Economic Union, an intolerable situation.

The social aspects of new technologies are practically being ignored. It seems that the Japanese way of doing things is being followed, it is a purely technocratic approach. Without employee participation it is too one-sided and should be corrected.

[Question] But how can you, as opposition party, change the present neo-liberal policies?

Van Miert: Things move often faster than one thinks and that will now be the case with the middle class. The Netherlands are already experiencing it, there is lots of bickering within the employers organizations. If the people, and certainly the lower and medium middle class, are losing purchasing power they are bound to buy less; shopkeepers will therefore sell less. This means that enterprises will get smaller orders and their desire to invest will also be curtailed. Sales diminish, there will definitely be no new employment. This infernal cycle will just become worse because everybody does the same thing. We are told to export more but improvement in the balance of trade remains only a mirage. This is only the short term advantage of devaluation. When other nations have received the message they will do the same thing. Less purchasing power, less sales possibilities, ultimately the collapse of the entire world trade. In the long run this whole option will also turn sour for the government because it definitely does not improve the problems it has with the budget. When earnings are smaller, revenue from social security taxes and income taxes also declines. Savings gained in this manner on certain aspects will be offset somewhere else by loss of income. That leads to general deflation. It looks to me that in the long run we will have to go back to a number of Keynes prescriptions. Again Flemish socialists will have to take the lead. We have concrete proposals for the building industry. Ideas we have pushed for years are now more and more being adopted elsewhere. The building industry cannot be propelled into action by the BTW [Value-added tax], it is not the real reason of stagnation. Because of high interest rates it is difficult to get money or it becomes difficult to pay money back. Here the government should intervene with interest assistance instead of the Value-added tax at the end of the process. The uncertainty surrounding jobs is a great problem for a lot of people. We favor some sort of insurance system which prevents that people who lose their jobs would immediately be obliged to sell their homes. We already encountered understanding for this entirely different approach during the last days of the previous government, but that has all been swept away by the present coalition. The army is another area of our expanding vision. For several years we have been advocating structural reforms. With our limited means we are no longer able to maintain an army in Germany consisting of ground forces, an expensive airforce, paratrooper commandoes and marines. Within the framework of NATO we should undertake more specific duties, which enable us to give up other duties. It is possible to rationalize the army, and we have the plans. We hoped that the parliamentary committee would have pursued these ideas but it appeared once again that the real intentions were to get more funds for the army. However, in the long run our ideas cannot be ignored. It took years before we had a Ten Year Plan for investments in the army. No decisions, but just a list of priorities. That looks already like a more serious method of operation than the old game which has been going on for years, whereby the army got something in exchange for something the navy got, and something else for the airforce. Fewer working hours is another unavoidable subject with a growing number of supporters. Even if the near future would bring new economic growth it would not lead to more employment opportunities but to labor saving



investments. Structurally nothing can be saved in this manner. The CVP admits it and in its election program it also supporting plans for additional employment. Only the PVV pretends not to understand it and continues to tell stories about economic growth automatically solving the problem of unemployment. That is not right, that is misinformation of the public. We must search for alternate solutions, especially those that deflect increases in productivity, and we must find more jobs. We would then be willing to settle for very modest wages. Moderation on the entire front but not lineal moderation.

[Question] Would the same modesty apply to reforms of social security?

Van Miert: Everybody thinks that he is paying too much till the moment comes when one is entitled to benefit payments. They are then also found to be too small. The main principle of our social security system is organizing solidarity, that should be kept alive. Everybody needs somebody some time. This does not mean that we are ignoring possible corrections. Indeed, Flemish socialists made some corrections years ago: maximum limits on high pensions, for example, built in ceilings. However, it would not be proper to use the deficit of social security to change everything around and to organize some kind of public welfare plan. In my opinion this also applies to negative income tax, we are against it. Social security is one of the fundamental cornerstones of our society, it should not be tempered with. Since the vacation has ended I seem to detect a new feeling among the people. They have noticed that they are being taken for a ride. During the previous election campaign they were promised more money but there are no results. Things are going in an entirely different direction except for persons who have money to invest. They do not have to cut back at all, everybody can see that. The present policy is seriously in doubt. The results of cutting back are only now being felt, but next year they will be felt even worse. When devaluation was announced Minister Eyskens promised to control prices till the end of the year but everybody can see that it is not so. It is for the first time that in Belgium a considerable gap is developing between the government's promises and the results the people can see for themselves. For instance, as regards oil prices we were able to prove shenanigans. The AFM prices were ultimately maintained after we exposed the situation. We cannot think of a better example of the cynicism of the neoliberal government. It proves that the pressure exerted by controlling organizations in this government is too great, and that there is nothing to balance it.

[Question] Sooner or later will the ACV be forced to take a clearer stand?

Van Miert: These people are of course caught between the devil and the deep blue sea. In a number of cases they can hardly avoid doing anything else but siding with us. That is the case with price controls, or the use of the results of the cutbacks. Or with the child support payments. How could a government ever decide to deduct the same amount all along the line for small as well as large incomes? Our opponents are now of course saying that it would have been impossible to govern with us in the previous coalition. We do not deny that the Parti Socialiste has proved this to a certain extent

but, generally speaking, the CVP seems to be suffering from a loss of memory more than anything else. Its responsibility for the failure of prior governments is tremendous. One could never be sure whether the government had the support of the country's most important party. Did Leo Tindemans, as party chairman, ever defend the government's policies? Never. That weighed heavily on the government, but it now pretends that it has all been the fault of the socialists. The story that we caused nothing but deficits, is another fabrication. However, the figures show that during the first Tindemans cabinet under Willy De Clercq taxes did not just skyrocket but the government also increased expenses by 25 percent over a one year period.

[Question] During the past months a social order has been forced upon us characterized by the Socialist Party's complete absence. How are you going to change that?

Van Miert: The first half of this year was a period of hesitation, it was difficult to assert ourselves. Not just in the media, but also in the parliament. The special powers forced us to stay offside. Here I ask myself where the famous conscience of the CVP representatives has gone, in the past it was always brought up, called-for or not. The PVV won the November elections with slogans and promises, it got the benefit of the doubt. That is changing only now. Our hold on events, lost for a while, has now come back.

That is the reason voices in the government are already asking for an extension of the special powers next year. All I can hope is that the conscience of the CVP members of parliament will yet revolt. Indeed, we are ready with a long list of proposals, from more openness in government to determining by contract what should happen in enterprises and businesses with the results of the cutbacks. This will of course pose a dilemma for certain groups within the majority, like the ACV. If they do not want the gap between what they are saying and what they really want to expand, they will be obliged to keep us company part of the way. After all, Martens and his followers are striving to extend the special powers. They are frightened by opposition.

10319

CSO: 3614/9

## BUNDESBANK ANNOUNCES DROP IN INTEREST RATES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Oct 82 p 13

[Text] Frankfurt, 21 October--The central bank board of the German Bundesbank has decided to lower the discount rate from 7 percent to 6 percent and the rate for secured loans from 8 percent to 7 percent. The discount rate is the unaccrued interest rate at which the Bundesbank buys negotiable instruments of exchange. The rate for secured loans is the rate at which the Bundesbank grants credit to the banks against the deposit of negotiable securities.

The reduction in these key rates will lead to a drop in the interest rates in the money market and, as a result, the rates for bank deposits, especially for fixed and time deposits, will probably also decline. The banks would, however, also be in a position to reduce the interest rate on credits. Ultimately this measure will also have an effect on the interest rates in the capital market as well as on the interest rates for mortgages.

At the end of the meeting of the central bank board Federal Finance Minister Dr. Gerhard Stoltenberg, who took part in the meeting, welcomed the board's decision on behalf of the Federal Government. He immediately expressed the expectation that all credit institutions will immediately pass along the reduction in the central bank rates in full measure to their customers. He said he would speak to the leading organizations in the credit business with all due speed about this. Stoltenberg called the decision an important contribution to the improvement in the condition of the German economy. He said the Bundesbank had paid careful attention to its responsibility in this for the stability of monetary value and the balance in foreign trade.

The president of the German Bundesbank, Karl Otto Poehl--without naming former Federal Chancellor Schmidt--defended himself against the criticism that the Bundesbank had followed too rigid a policy and had oriented itself too much on the rate of exchange and on an "imaginary" money supply goal. As far as the money supply objectives are concerned he said the government had always given its approval. Poehl also recalled that Bundesbank policy had protected the D Mark from a crisis of confidence, that the balance of payments on current account had emerged from the high deficit, that the competitiveness of the economy could be improved and ultimately also that rates had been reduced to a level lower than in all other industrialized countries with the exception of Switzerland. He said the process could, of course, have been accelerated if German financial policy had supported him.

Poehl expressed his regret that people had hesitated to comply with his repeated appeals to pass along the reductions in rates to the borrowers. He said he had understanding for the banks' action in using better yields to cover their risks. But he believed that it was now time to act on the decline in rates. While the rate for secured loans had been lowered by 4 percent (not counting the Thursday decisions), the rates for current accounts had only been lowered by an average of 2.4 percent up to now. It was important, he said, that mortgage rates also be lowered so that the construction industry might be helped.

9827

CSO: 3620/47

## COMMITTEE SET UP TO FIND FUTURE FOR AVIATION INDUSTRY

Helsinki HELSINGIN SANOMAT in Finnish 25 Oct 82 p 23

[Article by Jyri Raivio: "Aviation Industry Committee Being Assembled"]

[Text] The long-awaited new aviation industry committee will be appointed by the Trade and Industry Ministry in the next few weeks to deliberate what should be done for the Finnish aviation industry, which is being faced with the most dismal prospects for the future.

Members to be appointed to the committee will be sought next week already from quarters close to this matter, which are according to Managing Director of the KTM [Trade and Industry Ministry] the Air Force, the Aviation Administration, the Finance Ministry, and his own ministry. The greatest difficulty will be in finding a chairman. According to Rekola several candidates have already been asked, but not one single valiant leader for the committee has yet been found.

The Aircraft Industry Development Section or IKO, funded by KTM, which is operating in conjunction with Valmet's Kuorevesi Plant, is experiencing the same atmosphere of uncertainty as the whole aviation industry. Its 5-year agreement comes to end at the end of this year and new agreement has not yet been concluded. At the present time it appears that no agreement will be concluded.

In any event IKO's extraordinary position as an industry development unit funded by KTM has changed. Previously, IKO's activities were based on agreements between Valmet and KTM lasting several years and IKO's appropriations were recorded separately in the state budget. Now the separate IKO appropriation has been eliminated and development funds for the aviation industry are being taken from the same large research fund for which many other industrial development projects are also competing.

There is also no intent to conclude a new IKO agreement according to Managing Director Rekola. The 11-member development section, headed by Graduate Engineer Elias Jarvineva, will continue its work with temporary funding until the aviation industry committee to be appointed has made its proposals. Its continued existence after that will primarily depend on the views of the committee.



### From Where Will Aviation Industry Receive Work?

The new aviation industry group will according to Rekola's estimation begin work on a report that will take approximately 9--12 months, 14 years after the previous committee, headed by Managing Director K. J. Temmes, who will soon retire from the Aviation Administration, clarified the fate of our aviation industry. The premises of these two committees are quite different.

When the committee headed by Temmes was considering this issue, the aviation industry was in a complete slump, but there were good prospects as the result of massive future renewals of equipment. Some of these prospects were the assembly of the Drake destroyer and the Hawk training aircraft and the planning and construction of the Vinka training aircraft.

As the new aviation industry committee begins its deliberations the aviation industry or Valmet's Kuorevesi Plant will have work for a couple years yet until the completion of the Hawk series, but the future appears gloomy. The Air Force has no plans for significant purchases of equipment and thus there is no promise of large transactions. The marketing of the Vinka for export has turned out to be extremely difficult and saturation of the world's commercial aviation industry and Valmet's high expenditure level make the procurement of foreign subcontracts very difficult.

The IKO will not be sitting on its hands waiting for the results of the work of the new aviation industry committee. The development section is planning the modifications of aircraft for the Air Force and export versions of the Vinka equipped with turboprop engines as a concrete aircraft venture. The marketing of this kind of an aircraft will not be easy either, since Vinka-type turbine aircraft have been manufactured for a several years already in many countries.

No decision has yet been made at Valmet on the construction of a prototype of the Vinka turbine any more than on the manufacture of the Suhinu towing aircraft series, which is now in the prototype stage. However, a decision on both projects will be made within the next few months, in any event before the completion of the report by the new aviation industry committee.

10576

CSO: 3617/23

## 'JOURNAL OFFICIEL' PUBLISHES RULES ON AID TO BUSINESS

Paris LES ECHOS in French 27 Sep 82 p 12

[Article by F.R.: "Four Decrees Define Aid of Collectivities to Firms"]

[Text] The JOURNAL OFFICIEL of 24 September published the four decrees that had been awaited for several months in application of the January 1982 law on the interim plan and 2 March 1982 law on the rights and freedoms of local collectivities [municipalities, departments, regions, and so on].

The first three decrees set the conditions under which the regional councils can assign what the law calls direct aid to companies:

1. The PRCE (Regional Premium for Company Creation), with a maximum amount of 150,000 francs, can be accorded to any firm being created or that has been created within the past year, under conditions set by the regional council (particularly the criterion of sector of activity or number of jobs created). This PRCE improves and replaces the former premium for the creation of industrial firms.
2. The Regional Employment Premium (PRE) can be created for firms creating permanent jobs. Applicable throughout the territory, it is limited in the following way: 10,000 francs per job in cities of more than 100,000 inhabitants, 20,000 francs per job in the rest of the territory and 40,000 francs per job in areas which are particularly handicapped from a demographic or geographical standpoint. In the latter case, the national government will reimburse the regions involved for the portion above 20,000 francs per job.

For the firms, the operations qualifying for this premium are the creation of an activity and the takeover of a firm in difficulty, the extension of activity or internal conversion. The premium can be accorded for any job created or maintained, within the limit of 30 jobs and according to criteria set by the regional council. This premium cannot be drawn concurrently with the premium for territorial planning (PAT) paid from national funds. As a high government official indicates, it is "either or." That is the only incompatibility presented by direct regional aid.

3. Loans and long-term advances (at terms more favorable than the average rate of long-term bonds) or interest subsidy (resulting in the same thing) can be instituted, with the difference between the average bond rate and the loans being set by the minister of economics and finances. The regions will probably have the possibility of attaining the level of highly subsidized government loans.

The fourth decree involves indirect aid. It authorizes all local collectivities (communes, departments, regions), throughout the entire country, to give reductions to cover the difference between the cost of a building and its sale price or its leasing at market price. That will allow the local collectivities to create a policy of recovery of industrial property not being used, particularly in Ile-de-France [Paris region] where the phenomenon is reaching very costly proportions, and to facilitate the installation of new activities by easing the financing of the firms.

This decree is made at the time when each region is preparing its 1983 budget and should cause each region to reflect on the economic policies that it wants to carry out.

9969

CSO: 3519/30

## CURRENT, PROJECTED JOB ELIMINATIONS IN STEEL INDUSTRY DESCRIBED

Paris LES ECHOS in French 27 Sep 82 p 10

[Article by Jacques Jublin: "48,000 Jobs Eliminated in 6 Years"]

[Text] Desolation everywhere. At Pompey (Meurthe-et-Moselle) as in Vireux-Molhain (Ardennes)--dead towns, lowered shades. Desolation among steelworkers who, tomorrow, will lose their jobs after the announcement by Sacilor that 6,000 jobs will be eliminated by 1986. Local elected officials are desolate, whether of the majority or the opposition.

Behind the curls of smoke and the streams of molten metal, the steel industry has been transformed into a social rolling mill: more than 48,000 jobs will have disappeared in 6 years. An intolerable bloodletting for the localities, regions brutally devitalized because they have been unable to escape the dangers of a single industry, and often were incapable of doing so. The cult of steel is being transformed into a bleak ceremony of demonstrations on the highways of France.

When he receives the union delegations of steelworkers Tuesday morning, Jean-Pierre Chevement will not fail to emphasize to his listeners: "Do not cling to steel, an industry whose decline is inevitable throughout the world. Let's concentrate our energies on jobs in Lorraine, in the Ardennes and in the Nord. Let's seek and find substitute jobs."

Realistic, pragmatic language which is very likely not to be heard, when one remembers that, while visiting the Nord [department] in July, Pierre Mauroy was called a "traitor" by the demonstrators who had stopped the Tour de France [bicycle race] at Denain.

Because they could not speak the truth earlier, could not explain, did not find other ways, other jobs, successive governments have created a real economic and social catastrophe. The first "steel plan" in 1977--16,000 jobs eliminated. The second "steel plan"--22,000. And today, 10,000 between Sacilor and Usinor. In 1974, the forgemasters prided themselves in a production of 27 million tons at an employment level of 157,600 persons. In 1981, only 21.2 million tons left the rolling mills, employing only 97,000 workers.

## Paris Is Worrying the EEC

And it will not improve, at least in the short term. Slowdown in construction, reduced automobile manufacture, growth of substitute products (composite materials on cars, aluminum, plastics, wood in packaging)--steel is pulling back on all fronts. The unions know that for the first 8 months of 1982, the cumulative production in the world (not including East bloc countries) shrank by 11.3 percent, reaching only 269 million tons. So steel is no longer expanding, but rather in recession. Even by counting a production of 24 million tons in 1986, Jean-Pierre Chenevment risks being reprimanded by the European Communities, which closely supervise any increase in capacity, any modernization.

Already a first meeting took place at the end of last week between the French minister and Etienne Davignon. Not as positive as all that, but they are to get together again on the 30th. Because Paris, with a budget of close to 21 billion francs for its new steel plan from now until 1986, 15.5 billion of which is for investments, is worrying Germany, Belgium and Luxembourg.

Thus, the government cannot reverse the painful bloodletting. Of the 6,000 job eliminations at Sacilor, 23,00 will be at Pompey (Meurthe-et-Moselle), or a reduction of two-thirds of the work force. Some 1,700 others will be in the Lorraine Sacilor-Sollac group, particularly at Homecourt and Hagondange. From now until 1986, the work force is supposed to be changed as follows within Sacilor: down, 2,235 at Sacilor, down 21 at the Eastern Fine Steel Company, down 2,279 at Pompey, down 1,061 at Ugine Steel, up 7 at Solmer (near Marseille), down 610 at Normandy Metallurgy (near Caen). The plan, presented by Claude Dolle, will include an investment of 8.5 billion francs, 1.8 million of which is for special steels, 3.6 [billion] for flat products (sheet steels) and 3.1 [billion] for long products (beams, rails, and so on). To that is added 600 fewer jobs at Imphy at Creusot-Loire.

A hemorrhage which follows the program for Usinor presented by Claude Levy: 8 to 9 billion in investments, but also, 2,000 jobs eliminated at Dunkerque and 800 at Vireux-Molhain (Ardennes) in the Chiers plant which employs 800 [as published].

Of course, Jean-Pierre Chevenement will be quick to repeat to the unions tomorrow morning that no industrial site closing will take place before 1984. Early retirement, prior reclassifications will be the rule. But what will the CFDT or the CFT answer when they are asked to disassociate the dossier on steel from that on jobs in Lorraine?

## Christian Marbach Explores the Future

It has been more than 10 years since a commission for the conversion of Lorraine was named, without success. The Special Fund for Industrial Adaptation did no better. Today it is Christian Marbach, boss of the ANVAR



[National Association for the Valorization of Research] who is being asked to explore the possibilities for manpower conversion. What a mess! In regions where work is appreciated, where there is respect for good work, more than a decade has been required to realize that steel has become an industrial and social risk, that redeployment is a task of public salvation. How is it that in Pittsburgh heavy electrical construction has been supporting the steel industry for a long time? How does it happen that, across the Rhine, automobile manufacturing has replaced certain forges in many places? There too, France is the victim of the weight of history, of a glorious past that has become a danger that it has not been able to avoid in preparing the future.

9969

CSO: 3519/30

## FABIUS EXPLAINS RETICENCE ABOUT TAKING FURTHER TAX MEASURES

Paris LES ECHOS in French 28 Sep 82 p 3

[Article by Pierre Locardel: "Fabius Pleads for a Tax Pause"]

[Text] Sixteen months ago, in official language, the transformation of French society ("the change") was to be accomplished with fiscal reform as a priority. It appears to be less true today. Invited yesterday to the opening of the International Colloquium on Taxation and Development, Laurent Fabius gave the feeling that the French debate on taxes was taking a back seat for the moment. The impression for the near future is that the government will show itself to be prudent and will avoid taking spectacular initiatives.

Why this circumspection?

At a first reason, the budget minister advances the fact that he has already done a lot in the past 16 months. "A lot remains to be done. This is not a tax reform with a capital R but it is, nonetheless, a tax reform."

Things cannot be completely upset all the time. It is even less possible since the French are undergoing a reticence with regard to taxes and need a stabilization of the rules of the game in that area.

The second reason for this new-found moderation is that "fiscal pressure is close to the point where it could provoke negative effects." For the minister, the modification of tax structures must have three principal objectives: to assure more justice, to simplify the laws and the relationships between the government and its taxpayers, to promote economic development. This latter preoccupation cannot be sacrificed to the two others. The recent disastrous experience of fiscal overloading of companies, specifically with taxation of the production equipment, seems to have alerted "those who direct us."

For the moment, the minister distinguishes himself from Christian Goux and Pierre Joxe, respectively president of the Finance Committee in the [National] Assembly and president of the Socialist group, both partisans of a more active fiscal policy in order to increase national solidarity and...Treasury receipts.

Obviously, our Great Treasurer is taking care not to undermine the savings mentality and not to demobilize the most dynamic managers and directors.

## Social Redistribution

At the very least, in his view, a pause is indispensable, but this pause does not exclude a new redistribution effort later on. Nor does he want to risk a decrease in economic activity, investment and the ability to create and innovate, not to mention a possible rebirth of agitation in certain professional circles that are always prompt to react violently.

A third consideration moderates Fabius's will to reform. Taxation is not in all cases necessarily the best technique to fight inequalities. For example, the differences between the primary earnings can be more limited. An intervention at the point of determining earnings can be less difficult and better received than taxation at the end of the line.

It would still be necessary, and the minister thinks this is very delicate, to determine the minimum difference in remuneration below which the economic agents no longer agree on the effort and dynamism which make the economic machine work.

Fabius is turning to another route. The "delay" in direct tax payment is often mentioned. For example, the taxes on income and on companies represent only 7.7 percent of the GNP in France compared to 13.5 percent in the FRG and in Great Britain.

But we forget that social security taxes reach 18.5 percent compared to 13 percent in West Germany and 6 percent in the United Kingdom. Before any new fiscal initiative it would be desirable to proceed to an in-depth analysis of the financing of social programs and of the distribution of payments to the beneficiaries.

What the minister calls "neofiscality" now represents more than half of the sum product of the required payments in France. Now, the payments on which this neofiscality is based are required "under conditions that can be challenged from the standpoint of justice and economic efficiency."

For the minister, the defects that our tax system suffers are "ridiculously small" compared to those of social security taxes: payments that are not proportional to salaries, inequalities of treatment among the socioprofessional categories, benefits from which the privileged social classes profit.

Fabius's conclusion: the pursuit of tax reform implies a prior rethinking of social programs and "neofiscality."

That is the plan of a minister close to the president of the Republic. A tax truce but a will for a more intensive social redistribution. It remains to be seen whether, after the municipal elections and with a budgetary deficit greater than planned, collectivization will come to erase Fabius's worries about fiscal stabilization.

9969

CSO: 3519/30

## ELF AQUITAINE USES NEW OIL RIG PLATFORM REFUELER

Paris LES ECHOS in French 15 Sep 82 p 13

[Text] On Friday, the South-West Factories and Yards (ACSO), a new Bordeaux shipyard that took over the Gironde Yards, delivered the "Drill Fish," an oil rig supply ship to the FISH (Feronia International Shipping) French Shipping Company, a subsidiary owned 100 percent by Worms. The "Drill Fish," fitted with an oil platform, is the second of a series of five that ACSO will build before the end of 1982.

The "Drill Fish" is part of a fleet of 100 ships chartered by Elf-Aquitaine to develop its offshore activities. The national company tries to have these boats built in France inasmuch as possible. Thus has ordered from French shipyards 13 service vessels for delivery to ship operators between 1982 and 1984 under long-term charter contracts with the oil conglomerate. Total construction costs amount to 400 million francs. In the case of FISH, the shipping contract is for 3 years.

Real "ocean-going trucks," these supply ships and other ships that aid in oil research and production at sea have for a long time been the monopoly of other countries: the United States and Northern European countries, in particular. But Elf-Aquitaine has promoted the creation of this new industry in France. Thus, whereas nearly all orders went outside France a few years ago, 13 out of 19 new ships under construction are being built in French shipyards (Bordeaux, Cherbourg, Dieppe, Lorient and Nantes).

If one adds ocean drilling equipment and production structures to the service ships, total orders placed by Elf-Aquitaine with French shipyards amount to 2.5 billion francs over the past 2 years.

9805

CSO: 3100/979

## ALSTHOM ATLANTIQUE TO INVEST 500 MILLION FRANCES TO DIVERSIFY

Paris ELECTRONIQUE ACTUALITES in French 10 Sep 82 p 2

[Text] Alsthom-Atlantique is currently undertaking extensive research with a view to diversifying into new activities in the next few years. Specializing in electrical and marine engineering, Alsthom is wagering on the most technologically sophisticated part of its traditional fields of activity, according to an announcement made in Paris on 17 June by Mr Desorgues, CEO [chief executive officer] of the conglomerate, who gave his first press conference since his appointment a year ago.

To move into the international vanguard from a technological standpoint, the firm is going to spend 500 million francs on research this year, as compared to less than 400 million in 1981. These new activities will make use of existing marketing means and the brand name of the company, which is 65 percent owned by the nationalized CGE [General Electric Company] conglomerate. The CEO stressed that they would naturally not be moving into the same sectors as the parent company.

The group is, however, concerned over the stagnation prevailing in some traditional sectors and particularly in shipbuilding, which has been seriously hurt by Korean competition. The government project for a merger with the Dugibeon-Normandy Shipyards "will work only if it is accompanied by a general reorganization of shipbuilding," Mr Desorgues said. This alliance would also give Alsthom access to national military orders.

The group, which fears a slowdown on the French market, especially in nuclear plants and shipbuilding, is also focusing on expanding its activities abroad by setting up industrial plants in other countries. "The export business has changed. It no longer is a matter of selling finished products but of producing them on the spot," the CEO indicated.

The group, which exports 50 percent of its 18 billion in orders and should triple its exports in 3 years, has its sights on a number of countries: Indonesia, Brazil and China, among others.



## LE HAVRE PORT COTTON HANGAR NEARLY DESTROYED IN FIRE

Paris LES ECHOS in French 14 Sep 82 p 10

[Text] The cotton depots at Le Havre, one of the largest storage areas in any European port and the largest for this imported raw material, were nearly destroyed during an enormous fire which broke out the night of 11 September.

The salvage operations, which mobilized all fire trucks in the area, called to try to save the buildings, were only able to save part of the fourth depot, or less than 24,000 square meters out of a total area of about 100,000 square meters. At the time of the disaster, between 25,000 and 30,000 tons of cotton were being warehoused.

An initial estimate places damages at about 500 million francs. To the merchandise, estimated at 250 million francs, one must add the depots, covered by a 75 million franc insurance policy. In addition, four 10-ton cranes were destroyed on the dock alongside the sheds. And this is not counting the loss of 10 private cars and damages to 2 ships moored nearby, which had to be hastily moved.

What are the causes of the disaster? Cotton usually ignites slowly and it is generally easy to stop it at the slightest sign of trouble, Mr Jacques Dubois, director of the independent port, commented. The investigation will have to try to determine why the fire spread along a 600-meter front so quickly.

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CSO: 3100/979

## BRIEFS

THOMSON SUBSIDIARIES LOSE MONEY--Thomson-CSF's business report published last August gives a breakdown of the 1981 losses of Thomson-CSF subsidiaries in the area of components: EFCIS [Special Integrated Circuits and Manufacturing] (65 percent owned by Thomson-CSF): 14.1 million francs on a 211.5 million franc sales volume; LCC-CICE [expansion unknown] (99.8 percent owned by Thomson-CSF): 8.8 million francs on a 443.1 million franc sales volume; SSC [expansion unknown] (99.9 percent owned by Thomson-CSF): 7.8 million francs on a 188 million franc sales volume; SOCAPEX [expansion unknown] (99.9 percent owned by Thomson-CSF): 0.9 million francs on a 392 million franc sales volume; CEPE [Electronic and Piezo-electric Company] (99.5 percent owned by Thomson-CSF): 0.6 million francs on a 118.6 million franc sales volume. We should also point out that Thomson-CSF acquired 97 percent of Videosil and 90 percent of the Lavalloise Company of Electrochemical Condensers in 1981. [Text] [Paris ELECTRONIQUE ACTUALITES in French 10 Sep 82 p 14] 9805

CSO: 3100/979

## PREMIER PRESENTS ALTHING HIS ECONOMIC OUTLOOK FOR 1983

Reykjavik MORGUNBLADID in Icelandic 27 Oct 82 p 37

[Article: "National Budget for 1983"]

[Text] Buying Power Less Next Year Than Now

"The most urgent matter in the monetary affairs is to restore the balance of the monetary system, both by reducing the increase of loans and by attracting a larger portion of people's savings for investment in banks and savings institutions, without it causing expansion in lending again," it says, among other things, in the chapter on monetary affairs and credit affairs in the national budget for 1983 which the prime minister submitted to the Althing yesterday.

And it states further: "This is also very important in order to increase domestic financing of the industries and public projects and thus reduce foreign borrowing as much as possible. This is the prerequisite for seeing the result of obliterating the trade deficit during the next two years. The monetary management must primarily be aimed at this. Acceptable investment terms must be secured for savings by way of price-linking the savings and interest rates and establish the greatest possible concord between interest rates and price-linking terms on loans. This includes a change in the interest rate of nonprice-linked deposits and loans under the current conditions. It is also necessary to change regulations and credit terms of the deposit money banks to the Central Bank in order to tighten the hold on savings banks' lending. The new regulations place the demand on the savings banks that they adapt to a balance in their operation."

#### Pricing and Income

In a chapter with the above heading it says: "In the beginning of this year, the annual rate of price changes was around 40 percent. The rate of inflation has, however, been increasing as the year has progressed. One factor related to that is the effect of the contract negotiations which took place at the end of 1981 and during the first months of this year. It can actually be said

that the effect of contract negotiations on inflation has been felt almost continuously this year, as a new collective bargaining marathon has been going on almost all year long. The cost of living index in the beginning of August was 11.8 percent higher than in May and 49.5 percent higher than in August 1981. The change from May to August corresponds to 56 percent annual increase, and from February to August the index has increased by what corresponds to a 54 percent annual increase. These changes are considerably more than had emerged earlier this year. It is now estimated that for this entire year, the index will increase by 60-61 percent. According to available pricing forecasts, it is further estimated that during the whole year the index will average 50 percent higher than last year. The pricing of private consumption is, however, estimated to increase more than the cost of living index this year, because of the unbalanced effects of subsidies and import prices in these categories. The difference is estimated to be about 2 percent. Finally, it may be mentioned that the average increase of the building-cost index will be about 55 percent this year."

#### Income, Pricing, Buying Power, 1975-1982

In continuation of discussions on income and the fact that the tax burden is heavier this year than last year, it says: "It is assumed that disposable income per person will increase by 51 percent compared with 53 percent of estimated price change in private consumption. The buying power of disposable income, compared with the pricing of private consumption, could therefore be reduced by 1 percent per person during this year. This is, as mentioned before, a very uncertain estimate because of our small knowledge about what effect the reduction of production will have on working hours, jobs and income this year." Later in the national budget, in the chapter "Pricing and Income," it says: "It is estimated that the buying power of wages, compared with the cost of living index, will be similar, on the average, this year to what it was last year. The buying power will, however, be considerably less during the latter part of the year. According to the above projected calculations of the fluctuations of pricing and wages, the buying power of the fixed wages would be about 6 percent less on the average during the coming year than during this year."

#### Public Finance and Monetary Matters

On the effect of the inflation on monetary matters, it states: "The inflation increase has recently caused the real interest of nonprice-linked obligations to become more negative and by increased price-linking, the imbalance of the terms of price-linked and nonprice-linked obligations has increased greatly. As an example, it may be mentioned that the real interest of general savings-book deposits is now negative by about 16 percent; the real interest of discounted loans is negative by about 17 percent, and the interest on general bonds by about 10 percent. It may be assumed that this negative development played a great part in the significant credit demand, especially nonprice-linked loans, during this year."

9583

CSO: 3626/9

## BUREAUCRACY MET IN SEEKING EASY-TERM CREDIT FOR INDUSTRY

Milan SUCCESSO in Italian Sep 82 pp 31-34

[Article by Antonio Sechi: "Money: Getting It Quickly and Easily"]

[Text] All the bureaucratic channels for easy-term credit to small and medium-sized businesses. Also, a report on those who have obtained it.

The legislative intent must have been to give a shot in the arm primarily to small and medium-sized businesses (PIM). They are the ones who are penalized when they have to borrow from banks; now that the cost of money is very high, it is having a negative effect on corporate money management.

The illusion lasted for a year or a little more. By then, the Mediocredito study office had concluded its research into the effectiveness of DPR [presidential decree] No 902 of 9 November 1976, which made easy-term credit available to the PIM and established the terms of access. The results of central Mediocredito's investigation were very unsettling. In the first place, many businesses said they were aware that easy credit was available, but most of them had not taken advantage of it because they did not see the necessity (54.4 percent of the PIM contacted). However, 22.3 percent complained that the procedures were too complicated; 12.4 percent had given up because so much collateral was required; 0.1 percent preferred to use other forms of credit, and 10.8 percent gave "other reasons" for not using easy-term credit.

In any case, a similar study of difficulties encountered by businesses having obtained easy-term credit brought out even more the basic defects in the law. Some 41.7 percent of the PIM contacted pointed to the complex procedures; 31.9 percent mentioned delays in getting the money; 17.5 percent cited the collateral required; 8.4 percent said funds were lacking for easy credit, and 0.1 percent cited the cost of the operation.

The situation is therefore one of deep disaffection among the primary intended recipients of easy-term credit. SUCCESSO has ascertained that in the last 2 years they have far preferred to seek ordinary credit or to use other forms of credit that may be even more costly (e.g. leasing and factoring) but are more quickly obtainable.



At this point it would be useful to give a general definition of facilitated credit as intended by decree No 902. This form of financing is based on medium and long-term loans at an interest rate considerably less than that prevailing on the financial market. This is made possible by having the state or a state agency make up the difference between the rate prevailing at credit institutions (the so-called reference rate) and the lower rate for the loan.

"This is a system that has shown itself to be inadequate because the rate was set in advance to provide a fixed rate of return, whereas the evolution of the financial market has now produced variable-rate instruments predominantly," SUCCESSO was told by Fabrizio Cornalba, a public-relations official for Centrobanca. He adds, "The conditions of the financial market have changed greatly since the law came into effect; as a consequence, it means banks operate at a loss if they grant facilitated credit."

It is also interesting to note that decree No 902 distinguishes between sufficiently and insufficiently developed areas for which the criteria for granting reduced-rate credit may be considerably different.

"These differences depend on the existence of a rather complex model," says Monica Hartwig, an employee in the research office of Mediocredito Centrale in Lombardy. "Applications are often dropped almost as soon as they are begun. It's because of the paperwork required by the bureaucracy."

In practice, access to reduced-rate credit requires:

- (1) that the firm apply to the appropriate institute through a participating agency;
- (2) that the firm also request authorization from CIPI [Interministerial Committee for Industrial Policy Coordination] whenever the overall investment to be financed exceeds 2 billion lire;
- (3) presentation of the necessary documents to the mediator;
- (4) consideration by agencies of the competent institution;
- (5) further application to the central bureaus (ministry of Industry or Mediocredito Centrale);
- (6) simultaneous notification from the institution to the region in which the firm is located;
- (7) examination of the application by the ministry of Industry or Mediocredito Centrale;
- (8) consideration by the appropriate central bureaus (Ministerial Committee for Decree 902 or the board of directors of Mediocredito Centrale);
- (9) drafting the reduced-rate contract under the described terms of fiscal facilitation;
- (10) grant on the basis of showing documentation of expenditures for the programs being financed.

In general, the financing of small and medium industries at reduced rates can be granted to those firms whose invested capital (technical plant less mortgages and reassessment for equalization purposes, calculated on the balance prior to the date the investment is initiated) does not exceed 3 billion lire and that have an investment program not exceeding 1 billion lire per establishment. Financeable investments involve the purchase of land, real property expenses, telephone installations, machinery and equipment other than supplies or raw or semi-finished materials limited to 40 percent of fixed investments. The interest rate is set at 60 percent of the reference rate (as SUCCESSO goes to press, the reference rate is 20.9 percent) from the June-December half year preceding. The maximum duration of financing is 8 years, which can be extended to 10 years for new plants.

It should be emphasized further that the operation also involves the following facilitations: (a) the contract is exempt from stamp and registry taxes; (b) items constituting collateral (mortgages, liens on machinery and the like) are exempt from stamp and registry taxes; (c) legal fees are by law reduced by half; (d) finance charges are deductible by the firms.

However, these general provisions contain particular references to firms located in sufficiently and insufficiently developed areas. Both banks and industry are looking forward to the restructuring of facilitated credit. Fabrizio Cornalba (Centrobanca) says, "While it is true that the red tape is long and sometimes discouraging, it is also true that credit institutions have not been interested in granting reduced-rate financing. Thus we noted in 1981, especially, a marked increase in applications for ordinary credit or, alternatively, other forms of financing, such as leasing."

Giuseppe Favia, president of the Association of Small and Medium Industries [API] of Milan, adds, "But not all of our companies are able to pay 22.5 percent for money, as has recently been the case. For this reason our association has established contracts and agreements with some banks to solve a problems that could not soon be solved otherwise."

Two of the Milan API's initiatives have been unconditionally ratified by the associates. The first is an agreement with Centroleasing of Florence for acquiring machinery, except for automobiles.

"True," Favia says, "leasing is decidedly expensive. However, it has very interesting fiscal advantages, not to mention that the operating time is reduced to a minimum, with an advantage for the company that you can imagine."

The second initiative, which was launched on 1 January, is a collective collateral consortium of the API. It has a 9-billion lire general ceiling and allocates 75 million lire at reduced rates for every grant.

"The only legislative instrument for reduced-rate credit that has not disappointed industry has no doubt been the Sabatini law," Giuseppe Favia insists. He adds, "So much so that even Favia Tubing, which I own, will shortly make use of it."

The Sabatini law (No 1329/65) rates a chapter of its own. The law makes it possible to buy and sell machine tools or production tools with payments spread out over a 5-year period; it also allows for equipment being leased or rented with an option to buy, thus also making a discount possible on credit institution loans for those purposes.

Paolo Grandi, an official of the study office of the Lombardy branch of Mediocredito, says, "It easily takes 6 months or more for the bureaucracy to approve easy-credit financing, but we have fulfilled all the requirements in one week or two, at the most, to finance machinery purchases under the Sabatini law."

It is no accident that central Mediocredito's annual report expresses the hope for substantial improvements in legal provisions regulating easy credit while at the same time dwelling on the usefulness of keeping the Sabatini law as it is. In practice, law No 1329 is still workable despite its age (it took effect in 1965), because it allows companies selling machine tools to have access to medium-term credit in proportion to their business volume. In fact, the mechanism of financing support is causing a shortage of commercial credit beyond the limitations set by regular credit banks for discount operations. This role has fallen to the special credit institutions, which, also as a result of the respective statutes, can allow discount terms of up to 60 months on sales regulated by the Sabatini law.

The UCIMU [Italian Union for Machine Tool Manufacturers] has found law No 1329 especially well suited to its needs. However, the association members' credit troubles have convinced the UCIMU's leaders that some particularly well adapted means must be found to overcome the obstacle of the money shortage. Hence FINCIMU [Italian Financial Institution for Machine Tool Manufacturers] was formed, as was, very recently, the Leasemac organization, for leasing.

FINCIMU was formed in 1972 with three stated objectives: (1) to provide adequate financing for the sale of new machine tools or their parts produced in Italy; (2) to provide consulting to firms in this sector to solve problems of a financial nature; (3) to institute with the proper financial contacts (credit institutions--editor's note) privileged connections so that small to medium-sized firms in the sector can benefit from more advantageous conditions than they might otherwise obtain directly.

"About 130 billion lire in financing went through FINCIMU in 1981," SUCCESSO was told by Luigi Alibardi, general director of financing. He emphasized, "Of this figure, a good 60 percent involved intermediation, and 40 percent was done directly. Given the difficulty of using easy credit, our members would have had to pay interest at a rate of about 20 percent if it had not been for FINCIMU. Rather, we did a lot to bring down interest charges."

It is significant, in any case, that almost all the UCIMU members used the Sabatini law, but none of them wanted to subject themselves to the red tape necessary to use easy-credit financing.

"The recent formation of the leasing company also provides our associates with an alternative to the Sabatini law," said Alibardi, adding: "In fact, complete financing is available in a very short time, and the rates are lower than those of normal leasing as a result of the high residual values (59 percent of the original purchase price)." Leasemac provides credit on decidedly favorable terms, so much so that FINCIMU went in on Leasemac in association with the Commercial Agricultural Bank of Reggio Emilia, the Bank of Legnano and the St. Paul of Brescia Bank.

The feeling is widespread, however, that the easy-credit plan has been a big failure. A doleful but non-accusatory admission of this was made by the central Mediocredito board of directors in its 1980 report, where it refers to "disillusionment." Contractors and businessmen say the same in no uncertain terms.

"It should be pointed out that under the terms of easy-credit legislation as presently conceived, the only privileged area seems to be the South," Pino Fanchiotti told SUCCESSO. Fanchiotti is an official at the Milan headquarters of FIDIMI [expansion unknown], a consulting company controlled by the Italian Equipment Institute. He adds, "Maybe it's not all bad. I know for sure that businessmen and owners of small and medium-sized firms have rediscovered normal credit. It may be a little more expensive, but at least you can get it in a shorter time." He concludes by saying, "Actually, businessmen are rediscovering the risks involved in business with all the advantages and disadvantages that it entails."

### "Bureaucracy Has Killed Us"

"I have said it before and don't mind repeating it: if I had to get easy credit all over again, I don't know if I would have the strength to face all the red tape I had to go through the first time." SUCCESSO heard this from Giuseppe Vettori, a Tuscan from Firenzuola, a small town in the Tuscan-Emilian Appenines; he is president of the Scalpellini Building Cooperative.

In many ways, the cooperative's story not only exemplifies the trouble that firms must put up with in order to get easy credit but also contains something unusual: it has used facilitated credit twice.

"The first time, in 1980 for a sum of 120 million lire, financing was granted to the Cooperative through the National Bank of Labor," said Vettori, who added, "So it involved substantially different operations."

On this occasion, though, bureaucratic speed was practically nonexistent. "We recently applied for 400 million lire through the Tuscan regional Mediocredito. We got it, or at least the documents have all been signed and the final decision should be affirmative, but we have really had to sweat it out," Vettori added.

Financing has been granted under law No 902 for modernization and expansion because Firenzuola is located in what is considered an insufficiently developed area. The discounted interest rate has been set at 10.8 percent. "However," Vettori says, "the ministry of Industry will have to make up the difference between the reference rate (20.9 percent at present--editor's note) and the reduced rate." Actually, the Cooperative will get the 400 million lire without the discount provided by law.

After waiting about 8 months, Frana, a firm producing polypropylene flocking and artificial fibers and located in an underdeveloped area, was granted its request for 1 billion lire in facilitated financing for modernizing and expanding its production.



"We had to wait so long probably because of the banks' almost total freeze of facilitated credit in 1981," says Andrea Gelmi, an administrator of the company, which is controlled by the Frana family. "But I should point out that while it is facilitated financing, the interest rate levied by the issuing institution is 19.75 percent, which was the prime rate in 1981." The difference between the facilitated rate and the current rate will be paid to the credit institution directly by the Ministry of Industry.

"There have been no immediate financial benefits," Gelmi adds. "Of course, it was important for the company to carry out the investment program, and the Ministry of Industry's reimbursement will no doubt be helpful. The only problem is time. Our financing is done over a 7-year period, and every half year means another installment we have to pay."

Gelmi does not say so in so many words, but his question is When will the ministry of Industry put facilitated credit into practice?

The application for a billion lire in facilitated credit for plant modernization was initiated in the last months of 1980 by the administrative offices of Lames (500 workers, 18 billion lire in sales in 1981, operations mainly in the automobile industry and, marginally, in the production of precision hunting rifles). However, the deal has not yet been closed.

Giuseppe Giurgola, general director of Lames, says, "Actually, the supplementary documents we had to file were for approval by the Ministry of Industry, and we got the papers only in June of this year."

When the firm applying for easy credit has an invested capital of not more than 4 billion lire and will invest no more than 2 billion lire, it must get the approval of the ministry of Industry. Lames falls into this category. Besides, it operates in a sufficiently developed zone.

"Frankly we do not know what rate will be applied to the financing," says Giurgola, "because the Ligurian central Mediocredito has not yet officially notified us of the amount to be paid on the application."

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CSO: 3528/6



## BRIEFS

RECORD UNEMPLOYMENT REPORTED--NTB--At the end of October, registered unemployment was 45,300. That is 3,500 more than in September and almost 20,000 more than at the end of October 1981, according to figures compiled by NRK [Norwegian Broadcasting] Daily News. The figure is also higher than the August figure, when Norway experienced the highest unemployment it has had since the war. Labor director Reidar Danielsen said in a comment that the October figure is around what the authorities had expected. The number of people out of work normally rises from September to October and through the winter Danielsen said he expected unemployment to lie somewhere between 50,000 and 60,000. From September to October, unemployment rose in 14 of the nation's 19 counties. In percentages, the increase was greatest in Finnmark. Unemployment declined in five counties, including Nordland and Nord-Trondelag. In September these two counties had the highest number of people out of work. [Text] [Oslo AFTENPOSTEN in Norwegian 3 Nov 82 p 27] 6578

CSO: 3639/24

## EC'S NATALI ON PROBLEMS OF SPANISH ACCESSION

Madrid TIEMPO in Spanish 25 Oct/1 Nov 82

[Interview with Lorenzo Natali of the EEC by Jose Caverio: "The Date of Spain's Entry is Anybody's Bet"; date and place not given]

[Text] Lorenzo Natali is an Italian who has devoted almost all his life to promoting the idea of a united Europe. At present, this Italian, who comes from the Christian Democratic group in his country, is dealing with the expansion of the European Economic Community. He is one of the few commissioners of the European organization who has always openly felt confident that Spain would soon join the EEC. TIEMPO talked with him during a short trip which the European commissioner made to Spain.

[Question] Mr Natali, it appears that we are facing a serious breakdown in the negotiations for Spain's joining the Community.

[Answer] I do not believe that there is a breakdown that will block Spain's entrance. There is a need to think over a whole series of problems in the life of the community at present. I do not believe there is any desire to block the negotiation.

[Question] In spite of everything, you always have been optimistic, even now when some Spaniards are beginning to fear that that breakdown could be final.

[Answer] I am not an optimist. I am a political man, who is convinced that Spain needs to be part of the community. If that political conviction is valid I believe that we will be able to overcome the difficulties. It is true that we are experiencing extremely bad times in the EEC: we have unemployment, we have difficulties with the United States, with Japan, as well as a series of domestic problems, but I am confident that they will be surmounted.

[Question] Are the community authorities aware that the Spanish people, when the time comes for them to finally be invited to join the EEC, could perhaps end by refusing to do it?

[Answer] I do not believe that the Spanish people in their wisdom could bring themselves to make that decision.

[Question] Didn't you people predict that this idea of joining would tend to decrease in popularity?

[Answer] I said in a debate before the European parliament, which took place last June, that that danger exists.

[Question] Mr Natali, what is the main stumbling-block for Spain's joining the EEC?

[Answer] I believe that the main problem for the community today is the debate over the increase of funds from financial resources.

[Question] France is the enemy, and presents the most difficulty?

[Answer] I don't believe that it could be said that France is making difficulties. It is true that that country has sensitive interests, and is afraid of Spain's entry. But the main problem for France is in looking toward the future, toward the future of the community. This is the problem to which I referred when I spoke of the increase in the community's budget.

[Question] That means that the present structure of the community ought to change radically so that Spain may be able to join it?

[Answer] No. One can never speak of revolutionary or substantial changes in the life of the community. The life of the community is based on the foundation of taking little steps toward the achievement of a final result. I think that it is necessary to look toward the future.

[Question] Earlier there was talk that perhaps it would be in 1982, maybe 1983...Now they are not even giving out dates for Spain's entering the EEC.

[Answer] The Community has never made exact promises about the date. I myself have talked about probable dates, reasonable ones. I believe that a date needs to be set, and I hope that after the Commission presents its report on Spain to the Council of Europe it will be possible to talk about a date.

[Question] Would you dare to make a prediction?

[Answer] If I were in a position to make predictions that came true, I would have won a lot of money in the football pools, for example.

[Question] But at one time you suggested some date. Do you dare to now?

[Answer] No. I have not ventured any date. What I said is that if the negotiations were progressing in a normal way it would be possible to speak of an exact date. Now I am confirmed in that opinion.

[Question] Which of Spain's structure do you think should be corrected so it may be integrated into Europe?

[Answer] The problem is one of economic structures and of administrative mentality. These are the most important questions.

[Question] Are these problems on the part of Spain or on the part of the Community?

[Answer] Spain is a large country. It is not a small country. And therefore its entry into the EEC involves a change for Spain, and also a change for the Community. It is not the same as taking in a small country.

[Question] Do you believe that Spain could enter the EEC within a more or less short time without making important changes in its structures?

[Answer] The problem is that those structures ought to be modified, especially in the industrial sector, which will have to be liberalized in order to permit its integration into the community.

[Question] Is that the main obstacle?

[Answer] No. There are other difficulties. I am not speaking of obstacles, but of difficulties. There are difficulties in the agricultural sector, because the problem of certain Spanish agricultural products raises a question of competition, not only with the countries of the community, but also with agricultural products of third countries in the Mediterranean area.

8131

CSO: 3548/26

## SWEDISH STEEL CONGLOMERATE CHIEF ON TRADE TIES WITH U.S., EC

Stockholm SVENSKA DAGBLADET in Swedish 5 Nov 82 p 26

[Article by Sophie Petzell: "SSAB Loses 3 Million a Day: 'New Ownership Contributions Cannot Be Excluded'"]

[Text] "If the market development continues the way it is going it cannot be excluded that we may require new contributions by the owners," says the managing director of Swedish Steel Corp [SSAB], Henry Lundberg. At present his company is losing 3 million kronor a day.

As recently as a year ago SSAB received 600 million in state subsidies. Last spring the development improved with higher steel prices in the EC, which gave SSAB, among others, a modest profit. Now, the bottom has again dropped out of the steel market, and world consumption continues to drop. SSAB is bleeding again. This year's losses will amount to about 350 million kronor in comparison with last year's nearly 800.

The state now owns 75 percent of SSAB and Granges 25 percent. The conglomerate is the result of a merger in 1978 of the steelworks of state-owned NJA [Norr-botten Steel Works, Inc.] in Lulea, Stora Kopparbergs in Domnarvet and Granges in Oxelosund with a total of 17,000 employees. Since then the group has been radically slimmed down and a number of major investments have been undertaken.

The five-year plan which was adopted in 1978 has been revised several times in accordance with the deteriorating steel market conditions. Increasingly more people have lost their jobs. When the cutbacks now planned have been accomplished, the steel activity is expected to employ 11,000 people.

#### New Five-Year Plan

SSAB will now establish a new five-year plan. Henry Lundberg does not want to exclude the layoff of more employees, but he does not think that further cuts are a way to succeed. It is also possible to diet to death, he says.

The steel market of the Western world is shrinking catastrophically. Since 1979 the consumption of steel in the United States has dropped by 30 percent, in the EC by 16 and in Japan by 10 percent. Since 1981 the consumption has decreased 8 percent and in the United States alone 23 percent. The decrease is accelerating. In a comparison with the same month last year, steel consumption dropped



4 percent in January, 10 percent in April and 19 percent in August. In the United States the August figure was 45 percent lower than last year.

Henry Lundberg says that a three-percent increase in steel consumption is expected next year, but that inventories are very large and the steel industry will not notice the increase. The new investments in Sweden promised by the government could at best keep demand here level--no more.

#### Domestic Market

SSAB, which manufactures commercial steel, is highly dependent on the Swedish market; 73 percent of the sales are in Sweden. SSAB has a 40-percent share of the market here, but Henry Lundberg is of the opinion that the only major Swedish commercial steel manufacturer should have a 60-percent share of the market.

A precondition for achieving this is that the same rules apply for the Swedish market as for example for the EC-countries, he believes.

"I am entirely in favor of free trade, but other nations use invisible trade barriers and completely open regulations which cause the competition to become lopsided."

In the EC it is prohibited, for example, to lower prices even if an outside country, which has not participated in the steel price negotiations, submits a bid to a buyer. Here in Sweden, Henry Lundberg says, it is permitted to reduce the price, to adjust to the lowest offer.

Henry Lundberg wants to have a ban on such methods, and furthermore he wishes that Sweden would introduce quotas--just as the EC countries have already done.

But improved protection for the Swedish market is not sufficient for SSAB. Just as other steel companies, the group will be losing money as long as the price level for steel is low, as it is now. It is, among other things, the large, new thin-sheetmetal plant in Domnarvet which causes losses with the low prices. In addition, the breaking in of the plant, which cost 1.5 million kronor, took longer than anticipated and sales therefore did not turn out as hoped.

The sheetmetal plant is losing money, but there are also good portions of SSAB, Henry Lundberg says and as examples cites the heavy plate production in Oxelösund, Plannja in Lulea and the raw steel production.

In the five-year plan, which will now be worked out in only 2 months, the studies and analyses which have already been completed will be compiled.

#### Promises Well

"We must weigh the good portions against the bad and decide what must be done," Henry Lundberg says. He stresses, however, that even though the production of thin sheetmetal at Domnarvet is now losing money, there is no intention whatsoever of eliminating that part. It promises well for the future.

The previous five-year plan has been accelerated and the restructuring of SSAB has largely been completed, but some portions remain.

SSAB will now decide, among other things, what to do with the rail production and what capacity will be needed in the future for the manufacture of raw steel. At the moment SSAB is selling steel to the U.S. firm of Kaiser Steel. Will the U.S. market remain? The company leaders will also ponder the future of the mines in central Sweden. The two now in operation, Grangesberg and Dannemora, are doing well today.

In all probability the answers are already available, but Henry Lundberg does not want to discuss the concrete issues. First, the management has to consider the plan and then it will be discussed, piece by piece, with the trade unions, as it is completed.

"It is also self-evident," he says, "that financial aspects are included in the plan. The need for additional ownership cannot be excluded."

At present the State Holding Company holds the government's stocks in SSAB. The new minister for state-owned companies, Roine Carlsson, will shortly submit a proposal for a reorganization of the State Holding Company. According to Industry Minister Thage G. Peterson, among others, SSAB should be allowed to form its own company under a holding company.

"The main thing is that SSAB will get the management resources a large conglomerate needs," Henry Lundberg says. "It is essential that we have a heavyweight board of directors which can give the managing group advice, help and support."

11949

CSO: 3650/41

## GOVERNMENT SETS UP PANEL ON PROBLEMS OF SPECIAL-STEEL TRADE

Stockholm SVENSKA DAGBLADET in Swedish 5 Nov 82 p 27

[Article by Sophie Petzell: "Special Steel Studied Once Again"]

[Text] Tony Hagstrom will again head a panel to study the special-steel industry. This time it will primarily deal with the stainless steel production and may not result in significant costs for the state or in a proposal for a state-owned special-steel company.

"The special-steel industry has been restructured," says Industry Minister Thage Peterson, "but not sufficiently. The new study could result in cutting the number of employees. Of the 24,000 employees in the special-steel industry 13,000 are working with stainless. But," Thage Peterson says, "the change in structure must be accomplished before the market forces us to take even more drastic measures."

Thage Peterson publicly announced the new panel Thursday afternoon. Among other things he pointed to the extraordinarily gloomy figures for the steel industry released by the OECD in Paris a few days ago--for the third quarter of this year the steel production of the Western world was 21 percent lower than for the same period last year. For all of 1982 the steel production will drop a total of 50 million tons or 16 percent.

Sweden is no exception. Here, the special-steel production represents 60 percent of the total production in the steel industry in terms of value. After Tony Hagstrom's previous study in 1977 the industry was restructured with the help of about 2 billion kronor from the state, and the number of employees was reduced.

## Cooperation Needed

The 25 percent share which represents stainless steel has not found its final format, however. Cooperation is needed between the four companies which manufacture stainless--Nyby/Uddeholm, Fagersta, Avesta and Sandvik.

Nyby/Uddeholm is in a serious crisis and has appealed to the government for financial aid. It is generally considered that any coordination of the four stainless manufacturers will not be possible until Nyby/Uddeholm has been financially reorganized. The panel will deliberate that issue as well.

Nyby/Uddeholm has now received state loans amounting to about 940 million kronor in various forms, and the company leadership is primarily hoping for concessions in the government's claims. Thage Peterson is doubtful regarding state support for Nyby/Uddeholm and refers to the possibilities of lopsided competition and negative effects of the trade-political kind. He also says that the owner of Uddeholm should have the resources to enter its 90-percent owner subsidiary with financial resources.

#### Support not the Solution

"The addition of government funds in itself does not constitute a solution either. We have seen examples of that over the past years," Thage Peterson said and hoped that the commission will instead arrive at a sensible coordination proposal for stainless steel. He wants an oral report as early as December.

#### Two Lines

The proposal will be drawn up according to two lines, one entirely without government contribution and one with concessions of government claims plus a contribution of state funds for development and restructuring. Thage Peterson does not want to see a new special-steel company equivalent to SSAB, of which the state owns the majority, in the commercial steel sector.

In addition to Tony Hagstrom, the new general director of the Telecommunications Agency, the special-steel commission includes Rutger Martin-Lof, an Uddeholm board member, Arne Westerberg, the board chairman of Fagersta-Sandvik, Bert Lundin, the former chairman of the Metalworkers' Union and Erik Berg of the Johnson Group.

11949

CSO: 3650/41

## PROPOSED TAX CHANGES BEFORE COUNCIL OF MINISTERS

Istanbul CUMHURIYET in Turkish 27 Oct 82 pp 1,9

[Report by Levent Sanin]

[Text] The new tax law package, which will go into effect in 1983, envisions ending the system of prepaid taxes in certain sectors. The package includes proposals which will settle discrepancies in declarations of wealth. According to these proposals, declarations of wealth will be refiled, and the difference between the new and the old versions of the declaration will be taxed at only 1 percent.

A draft prepared by the Ministry of Finance and now before the Council of Ministers envisages changes in the Income Tax Law which will affect 1,100,000 individuals who are required to file income tax forms. If the changes are approved by the Consultative Assembly and the National Security Council and become law, individuals deriving incomes from trade, agriculture and professional services will not have to prepay their taxes. However, individuals earning more than 3 million Turkish liras from appreciation of immovable or movable property, capital gains and commissions will continue to prepay their taxes.

The proposed changes in the Income Tax Law were approved by the Economic Council and submitted to the Council of Ministers. The changes, which will go into effect in January 1983 if approved by the Consultative Assembly and the National Security Council, will abolish the prepaid tax requirement for those deriving their incomes from trade, agriculture and professional services. Thus, while the practice of prepayment of taxes will be "partially" ended, those who will be required to file tax forms by the new law will not be able to show their minimum annual income below 120,000 Turkish liras which is 10 times the minimum wage. With the new changes, 60 percent of the taxpayers who are required to file tax forms will prepay their taxes. Officials stated that the changes in the tax law will affect 1,100,000 taxpayers.

While those deriving incomes from trade, agriculture and professional services will not have to prepay their taxes, the remaining 40 percent of the taxpayers will continue to prepay their taxes. The following categories of taxpayers will not be affected by the changes in the law:

--Those who have annual incomes of above 3 million Turkish liras. Citizens in this category will not be able to show their incomes below 120,000 Turkish liras a year.



However, no matter what income they declare these citizens will be required to prepay their taxes.

--Those deriving incomes from immovable and movable property and capital gains will have to file tax forms which will state their annual incomes and will prepay the appropriate tax amount.

--Those not affected by the changes are classified as "other income earners." Those deriving an income from the appreciation of movable property will also have to file tax forms and prepay their taxes.

--Earners of incidental incomes will also not be affected by the changes. Accordingly, middlemen and those who earn incomes without turning their mode of earning into a permanent profession will have to file tax forms and prepay their taxes. For example, commissions from the sale of real estate or a person who practices medicine on an impermanent basis are included in this category.

#### Declarations of Wealth

According to a report by the Ankara News Agency, the changes in the tax laws will bring novelties in the settlement of discrepancies in declarations of wealth. The Economic Council rejected the Finance Ministry's proposal to abolish declarations of wealth entirely and endorsed the idea that declarations of wealth be refiled and the difference between the new and old versions of the declaration be taxed at only 1 percent.

In a previous arrangement in this connection, the difference between the new and old versions in a declaration of wealth was taxed at 20 percent.

Ministry of Finance officials said that the new arrangement based on a 1 percent tax rate can be expected to be approved as it is by the Council of Ministers and that, however, the rate may be increased by the Consultative Assembly or the National Security Council.

The arrangement in connection with settling discrepancies puts no restrictions on the type of wealth to be declared.

As is known, the previous amnesty arrangement did not cover wealth in the form securities, precious metal, jewelry and cash money.

9588

CSO: 3554/44

## BACKGROUND, STATISTICS ON PENDIK, TUZLA YARDS GIVEN

Istanbul CUMHURİYET in Turkish 30 Oct 82 p 2

[Article by Dr Nezih H. Neyzi]

[Text] The Pendik Shipyard was officially inaugurated by Prime Minister Bulend Ulusu on 1 July 1982. A few articles appeared about the Pendik Shipyard but its importance was not sufficiently stressed. The Pendik Shipyard is a major public investment project whose construction took many years and went through many phases.

## History

Shipyards, private or public, have historically been confined to the Golden Horn. In a far-sighted move, the bays of Pendik and Tuzla were set aside for shipbuilding 40 years ago. This was a wise move. The land nationalized then could never be bought under current conditions and at the prices of today. With the budget resources and the relentless inflation of the last few years, that investment could not be realized.

The Pendik Shipyard has been the object of much criticism. But we must be thankful to the officials who worked to nationalize this piece of land. Afterwards, various governments neglected Pendik and Tuzla, deliberately or unintentionally, and deviated from the original goals. We hope that future generations will celebrate the 500th anniversary of the Pendik Shipyard just as we marked the 500th anniversary of the Golden Horn Shipyard and that the problems we are having today will be forgotten.

## Importance of Pendik

The Pendik Shipyard will be very different from our other shipyards. Pendik has begun manufacturing Turkey's first marine diesel engines. Most other equipment at Pendik exist in other shipyards as well, but no other shipyard has the capability to build marine diesel engines. In 1978, Turkey asked for a loan from the World Bank for this project. The response was: "You do not need marine engine factories. You can buy your engines from elsewhere." Subsequently, we embarked on building marine engines with our own resources. We established contact with the TCDD [Turkish State Railways] plant in Eskisehir and the sugar refinery in Ankara. At the time we were casting engine blocks at the Golden Horn Shipyard and sending them to the TCDD plant. With a small investment we turned part of the Pendik Shipyard

into an engine assembly workshop. Here, our engineers and machinists began assembling diesel generator batteries. We brought the necessary parts from Poland. The Chekelski factory in Poznan provided us with the necessary technical knowhow and the parts. Thus we started building the generators of the ships we were erecting. On 1 July 1982, the cornerstone was laid of the main engine manufacturing unit at the Pendik Shipyard. South Korea, Yugoslavia and Brazil, which entered the shipbuilding industry much later than we did, are already manufacturing marine engines. Our ships stay half-finished because we cannot build our own engines. The Pendik Shipyard will change this situation. Currently, the shipyard is building small engines of up to 500 horsepower. An agreement has been signed with Sulzer in Switzerland to build 4,860-brake-horsepower diesel engines.

This project, which will have an important effect on the future of the Turkish shipbuilding industry and which will facilitate the expansion of our merchant fleet, illustrates the importance of the Pendik Shipyard.

#### Deficiencies at Pendik

The Pendik Shipyard is set up on a vast piece of land comprising 953,000 square meters. No amount of pride about this public institution is too much. However, the shipyard is not yet complete. Ships of up to 60,000 deadweight tons can be built on the stocks in place. This is a significant step forward for us. Currently, other shipyards can build ships of up to only 20,000 deadweight tons. We still do not have a dry dock to service ships larger than 30,000 deadweight tons. The Pendik Shipyard has a place reserved for a dry dock and has a half-finished dry dock, which, when finished, will be 300 meters long, 75 meters wide and 12 meters deep. In the Aegean, only one dry dock of this size exists in (Iskiramanga), Greece. There are no dry docks of this size in the Black Sea. Consequently, it is imperative that this dry dock be completed. The steel and the portland cement necessary to complete this task are available in Turkey. When this dry dock is completed, we will not only save the foreign currency we are spending to repair our ships, but also we will be able to do repair work on foreign ships.

For the moment, the dry dock must be planned as only a maintenance dock, which means that one 16-ton and one 80-ton jib crane must be adequate. In the future, 2 300-ton gantry cranes can be built with the earnings generated by the dry dock. The dry dock may thus pay back for its investment with the income it generates from repair work.

Another unit that remains uncompleted is the exterior artificial harbor. But funds have already been allocated for this unit, contractors have been hired and construction work is under way. Starting it is as good as completing it. Bidding must start on the completion of the dry dock as well. When these units are completed, Pendik will truly be a big step for the Turkish shipbuilding industry.

#### Tuzla Shipyards

The Tuzla Shipyards are situated right next to the Pendik Shipyard. This area was put together by the Ministry of Public Works and turned over to the private sector.

There are 25 shipyards and 2 dry docks in Tuzla. Turkey's first dry dock was brought from the Soviet Union and put into service in Tuzla. The shipyards here served our shipbuilding industry by repairing more than 150 vessels last year. The shipyards did maintenance work on foreign ships and thus brought foreign currency into the country. Currently, 41 ships are under construction at the Tuzla shipyards. When looked from a distance, only the hulls of the vessels are visible; buildings are virtually nonexistent. The stocks are built with the ships, so that the ships appear to be growing out of the bare earth. Peripheral firms have sprung around Tuzla working as subcontractors to the shipyards. All this means employment opportunities for painters, carpenters, steelworkers and engineers. However, when these vessels are put to sea there will be a severe equipment shortage. There are no outfitting harbors at the moment. The Ministry of Public Works has a harbor but it can barely meet the ministry's own needs.

#### Pendik-Tuzla Cooperation

At the Pendik Shipyard, all the buildings and social installations are complete, but there are no ships; in Tuzla, there are no buildings, but 41 ships are under construction. Pendik has an outfitting harbor, but its protective breakwater is not yet complete. The two sides must work hand in hand to make the Pendik Shipyard productive. The steel-cutting capabilities of Pendik can be used to produce quality parts speedily. These parts can then be assembled at the Tuzla shipyards. Pendik can build engines and install them on the vessels built at Tuzla. This way private enterprise can complement public investment.

Since the common goal is the development of Turkey's shipbuilding industry, I believe that this cooperation must be realized.

9588

CSO: 3554/44

## PROGRAMS, SUCCESSES OF ECOLOGICAL PARTIES

Amsterdam ELSEVIERS MAGAZINE in Dutch 23 Oct 82 pp 50-53

[Report by Marius van Rijn: "The Advance of the Belgian 'Greens'"]

[Text] Their program sounds "vague, unrealistic, utopian," but in spite of that, the Belgian ecological parties "Agalev" and "Ecolo" scored surprisingly high in the municipal council elections, in some cases over 10 percent. An already divided party with a vague image of the future has caused the established political parties in Belgium to start thinking, as was the case already earlier in the Federal Republic of Germany. The Belgian "Greens" on their success and their plans.

Antwerp, Tuesday--The modest cottage of the Antwerp "Greens" in the suburb of Borgerhout meets many of their ideals: small, friendly and "populist." In their extremely cramped workroom there is, besides great activity, a very cheerful atmosphere. No wonder: their idealistic party managed to climb from zero to four seats in the Antwerp municipal council -- an unusual achievement in the Belgian system which is dominated by large, established political parties.

Harry Schram (22), a computer science student, is a strongly-built bearded young man who suddenly finds himself appointed in the Antwerp municipal council, against all expectations. For that occasion, he is even paid a visit by an experienced "green" politician, Mrs Marjet van Puynbroek, who holds a seat in the Belgian Senate and who, just like he, digresses enthusiastically on the many plans and ideals of the completely new ecological party.

Their party, which last week during elections booked remarkable successes in over 600 municipal councils all over Belgium, is called "Living a Different Way" ("Agalev" for short). "Look," says Harry Schram, "our four seats in a total of 55 in the Antwerp municipal council does not mean, of course, that we are in power. But what is significant is that we received 7.3 percent of the actual votes. That means that more and more Antwerp people start to realize that the current system of government does not work. The people are turning away from large-scale thinking and from politicians who ply their trade merely because they are politicians and not to serve the desires and interests of their voters.



People want to be involved in municipal policy; they are tired of so-called say in decision-making, which ultimately leads again to the usual government decisions."

Even in a small country such as Belgium, the interests of the ordinary citizen seem to be forgotten by the powerful government apparatus, both at the city- and regional level. Against that, the people have now offered spectacular resistance, as evidenced by the success of "Agalev" and the Walloon spiritual associate "Ecolo." For what happened in the Belgian municipal council elections? Every 6 years those elections are held and until a few years ago the municipal councils, except for a few splinter parties, were dominated by the classical christian democratic party CVP [Social Christian Party] in Flanders and its Walloon counterpart PSC. The Flemish and Walloon socialist parties also scored high in such elections from time to time and then came into power in a coalition context for a shorter or longer period of time.

Karel van Miert, the chairman of the Flemish socialists, had to admit the success of the "greens" after the results of the municipal council elections. "Local interests clearly have dominated." Local interests are indeed "Agalev's" point to a great extent. But one should not think of a bicycle path here, a little garden there, or an additional playground somewhere, but rather of new political structures within which the interests of the individual citizen are dealt with. "New ideas presented by new people," says Harry Schram, and on those ideas he rapidly formulates his three main points: "Agalev is populist, peaceful and green. /Populist/ means that the democracy must be brought closer to the people, that government decisions are not made after a process of public say in decision-making, which subsequently is ignored again by those in power. We must think on a local level, let the people think for themselves in decisions which concern them."

Whether those people he is so concerned about want to get involved themselves is not clear, and neither is the effectiveness of such a procedure in actual decision-making, but "Agalev" itself admits straightforwardly: it is a party of idealists which possibly has acquired a number of voters protesting the existing system, but which simultaneously has indeed been able to get "a high percentage of its own voters" behind it.

Harry Schram's second point: /peaceful/. "At all times one has to aspire to non-violence, no matter what campaign is being carried out. Non-violent action, also when the government doesn't listen."

And his last point: /green/. "Of course we are also an ecological party which is active in fighting all possible forms of pollution, whether it is a matter of nuclear waste or of chemicals. We are aspiring to a harmonious, human, ecologically justified society." At that point Marjet van Puynbroeck enthusiastically joins in: "We pursue ecological harmony also in human relations."

Everything sounds vague, idealistic and seems difficult to translate into the rigid terms of existing politics. The Belgian greens continually get that reproach thrown at them by established politicians, of course, but -- thus they defend themselves then -- that is precisely the point. A quotation from the official Agalev manifesto: "The automobile-less Sundays were a sign on the wall. No matter how things are turned; they mean the end of an era: the era of wild, thoughtless

prosperity. Children are playing in the streets again; people are greeting each other again; at night we see star-studded skies again instead of a reddish, deadly glow. Values which appeared to have been lost -- quiet, sobriety and peacefulness suddenly turned out to exist and be possible to experience again. Everyone breathed with relief: suddenly we realized that things could have been and can be different. And yet, it is not a matter of cheap romanticism, or of a naive return to nature. We suddenly realize that we were mistaken. We see rash and reckless progress being halted in a pathetic manner."

And the manifesto continues: "How can we have faith in the future vision of people who have not even foreseen the present? We must not let tomorrow's world continue to be built by yesterday's people."

No matter how unrealistic these comments of "Agalev" may sound, they were sufficiently convincing to cause tens of thousands of Belgians to deviate from their traditional voting pattern. Although the Belgian greens do not even have a regionally organized party apparatus -- for that matter, they are against that themselves -- in most of the municipalities groups appear to have arisen which subscribe to a similar declaration of policy, and the election results were an "eye-opener" to the established politicians of the left, the christian democracy, and the right.

Frank Swaelen, the leader of the Flemish christian democrats, on the success of the Belgian greens: "The advance of the greens is an important lesson for us. Their success is the most important phenomenon of these elections. The result expresses the deep dissatisfaction which many people feel about the way this society is run. The large parties should rapidly fall in with that signal."

That was one of the many reactions Agalev had expected after last week's advance. The greens don't believe any of the comments by the large parties, such as "fall in with a new trend" because they believe that the big party bosses merely say it and, possibly, do it to retain their old, established power. According to Agalev, things must truly change. And that is something which no one, except for the greens themselves -- expect in the already rather conservative Belgium.

"We are not so utopian as we are often being accused of," said Jan Michiels Sunday morning in the Belgian NRT studio when he was reproached for that by cynical interviewers. "We are merely being practical. What is more practical than letting policy start at the bottom, with the people, instead of at the top?"

Agalev is the umbrella name for many different ecological parties whose names vary from "City for Human Beings" to "Free Green List." Under that general name, dozens of groups took part in the Belgian municipal council elections -- clearly inspired by the success of the "Grunen" in the FRG who already have become a force of significance at the national level. In some cities Agalev and Ecolo even received 10 percent of the votes. In Brussels they captured 28 seats from practically nothing (in 19 municipal divisions, for that matter); in Antwerp 4, as mentioned; in Bergen and in Louvain 3; and in Liege 6.

Wilfried de Vlieghe, a conjunctural analyst: "Of course this was a matter of protest votes. Undoubtedly we acquired many protest voters, just as you did at

the time with Farmer Koekoek. Many people are merely dissatisfied, but I believe that there were indeed Agalev voters who want a different political system, one that is more honest and is essentially in the interest of the people."

Another newly elected municipal council member embroiders on the same theme, not avoiding the complicated use of language which before he had reproached existing politicians of using: "We aspire to a populist-democratic participation structure." Or: "We are not consciously naive in our small-scale orientation, but we want to adapt our policy to the scale of our environment. This voting booth success is a modest, but hopeful, start toward the many undiscovered possibilities which still exist in our society to arrive at a harmonious structure."

Most of the professional politicians and chairpersons of the large parties discount the vague statements of Agalev- and Ecolo-council members with disparaging remarks on the lack of sense of reality in the Belgian greens, but in fact some concern has indeed arisen in the party headquarters in Brussels, Flanders and Wallonia. In Belgium, which is plagued by unemployment and inflation (which country isn't, for that matter?), an aversion to the existing large parties clearly does exist, as witnessed by the results, although Prime Minister Martens (CVP) publicly does not call the success of the greens alarming. "The attempt to have our policy rejected through the municipal council elections has clearly failed," said Martens in a reaction to the election results.

The Belgian greens meanwhile optimistically continue with their utopia. Now that they will indeed have broad contact with the hard economic- and social reality in Belgium, undoubtedly a damper will be put on their election euphoria. "The word 'real-politik' is a dirty word for us," says an Agalev municipal council member from Louvain. Nevertheless, he and his greens, already showing signs of splintering, will be strongly confronted by that in the future.

8700

CS0: 3614/12

## BRIEFS

USSR SPECIFIC REQUEST--Akel deputy Kyriacos Christou confirmed officially that the Soviet Union had specifically asked the Cyprus Parliamentary delegation that visited Moscow in the summer not to mention Turkey specifically in a paragraph of the joint communique calling for the withdrawal of foreign troops from Cyprus. "Since this was a joint communique it was natural that the views of both sides should be taken into account," he added. Opposition deputies had previously criticised Akel leader Ezekias Papaioannou of acceding to the Soviet request. Christou argued it was sufficient that the joint communique called for the withdrawal of foreign troops in the same way as in the U.N. resolutions on Cyprus. [Excerpt] [Nicosia CYPRUS WEEKLY in English 5-11 Nov 82 p 1]

CSO: 3500/306

## CONSERVATIVE PARTY CHIEF URGES NORDIC NUCLEAR-FREE ZONE

Helsinki HELSINGIN SANOMAT in Finnish 25 Oct 82 p 9

[Article: "Suominen Urges Quick Implementation of Nordic Nuclear-Free Zone"]

[Text] Chairman Ilkka Suominen of the Conservative Party urges the immediate declaration of the Nordic area as a nuclear-free zone. Suominen believes that the conference mediating and representing the views of the parliamentary parties of Norway, Sweden, Denmark, and Finland could be a constructive alternative for promoting this project.

A separate organization is necessary for advancing the idea of a Nordic nuclear-free zone since the Council of Nordic Countries is an inappropriate forum for conducting such discussions, stated Suominen in Pori on Sunday.

"Maintaining the Nordic area as a zone of peace and preventing of the spread of an atmosphere of international tension to Northern Europe are goals in accordance with the basic interests of each Nordic country. Steps toward declaring the Nordic area as a nuclear-free zone are of decisive importance in this work. Against this background this undertaking must continue to be of central importance in Finland's foreign policy goals also," emphasized Suominen.

"The increasing support received for a Nordic nuclear-free zone in recent years in the various Nordic countries is creating a basis for an impartial evaluation of the plan and for the deliberation of various points of progress among political quarters," stated Suominen. The credit for the acceleration of this project belongs to the peace movement, among other things, according to Suominen.

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CSO: 3617/23



## RADIO CHIEF DEFENDS COUNTRY AGAINST SOVIET ESTONIA ATTACK

Helsinki HELSINGIN SANOMAT in Finnish 10 Oct 82 p 8

/Text/ Mr Sakari Kiuru, Director of Yleisradio /The Finnish Broadcasting Company/, denies the claims of the Estonian newspaper, OHTULEHTI, that Finnish TV would function as a U.S. supported ideological weapon against socialistic ideas. "Totally inaccurate reporting", Mr Kiuru summarizes his opinions.

According to the newspaper, selected and damaging programs would be directed primarily towards the young and the educated in Estonia.

The purpose of these programs, which represent Western cultural values, is to dehumanize the Soviet individual, says Mr Elmar Kraav, author of the article. "We offer programs for the Finnish people, based on the principles of our TV and radio journalism. We do not have any ulterior motives concerning foreign countries", says Director Kiuru.

Furthermore, Mr Kiuru denies the claim that the transmitting antenna of the Finnish TV has been constructed and installed by the American RCA Corp. According to the newspaper, the purpose of the antenna is to broaden the coverage area to south.

"We do not have cooperation with RCA, but we do have cooperation with European and Japanese companies", tells Mr Kiuru. According to him, Yleisradio builds its own transmitting systems.

Director Kiuru says that the article in OHTULEHTI was also a surprise because the relationship between Yleisradio and the Estonian radio and TV is extremely good, and there has not been any kind of problems in these matters. The purpose of the article remains a mystery to Mr Kiuru.

Like Mr Kiuru, the Technical Director of Yleisradio Erkki Larkka, M.Sc. (Eng.), denies cooperation with RCA. According to him, RCA has built only one antenna in Finland, and even that one was taken out of use in the beginning of the 70's, as the new antenna in Kivenlahti was introduced.

"The antenna has been installed by Finnish engineers. The frame has been delivered by a German company", tells Mr Larkka. The antenna is designed to meet international regulations, including power restrictions and has been approved by the Soviet Ministry of Communications.

Primarily, transmissions from the Kivenlahti and Joutseno stations can be seen in Estonia. Those from Sippola station cannot be seen so well.

The coverage area of Finnish TV is not exactly known, according to Mr Larkka. However, he estimates that the receptability is fairly good on the Estonian coast.

#### Estonian Communist Party Has Discussed Finnish Programs

The influence of the Finnish TV has been discussed in the Central Committee of the Soviet-Estonian Communist Party, in August. In Estonia, it has also been considered starting jamming transmissions the Finnish TV. Tallinn is already technically equipped for jamming operations. The article in OHTULEHTI is considered in Tallinn as an eventual first step towards jamming.

Finland does not broadcast any programs in Estonian, while Radio Tallinn regularly sends out news and comments in Finnish supporting its own viewpoint.

#### Printed Word Is Also Problem

During this year, the Soviet-Estonian authorities have been more and more concerned about the printed information that is spreading to Estonia via Finland over the almost undistinguishable language barrier.

Finnish newspapers, for instance HELSINGIN SANOMAT, have been seized from Finnish tourists arriving in Tallinn, or certain pages have been taken out of them. This has been the case especially when the newspapers have contained visible news about the Polish events or about the Soviet submarine stranded off the Swedish coast.

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CSO: 3617/9

## DEVALUATION CRISIS REFLECTS 'PARLIAMENTARY FINLANDIZATION'

Helsinki UUSI SUOMI in Finnish 17 Oct 82 p 2

[Commentary by Johannes Koroma]

[Text] Finland's parliamentarianism became Finlandized and Finland devalued its markka on Tuesday evening when two chairmen, Prime Minister Kalevi Sorsa and Education Minister Kalevi Kivisto, candidly acknowledged to each other their desire for joint rule.

Thus was born a Finnish solution, which will be followed by Finnish parliamentarianism if a third chairman, Labor Minister Jouko Kajanoja, so permits.

The word Finlandization has already become almost normal in international usage.

Finlandization has gradually become identified with those positive traits which President Urho Kekkonen gave to it. When even a well-known international political analyst and critic of Finland, Walter Lacquer, recently confessed that Finlandization is a suitable and positive alternative for Finland in the management of its international relations, it can be said that Kekkonen's message has made its point.

But Finlandization can very well be given a new content and usage in our national vocabulary.

Parliamentary Finlandization is that policy-making which, indeed, began already during Urho Kekkonen's era, but which was continued even more forcefully during Mauno Koivisto's and Kalevi Sorsa's terms as prime ministers and which contains the privilege granted to Communists to vote against the all the most important decisions of the government.

But that which was explained as the independence and originality of Finnish socialism during Koivisto's term as prime minister under President Kekkonen, but politically as a nearly insignificant Taistoite factionalism, has now been expanded with Sorsa's permission under President Koivisto as a common privilege of the whole People's Democratic movement to apply parliamentarianism in a free-form Finnish manner.

The basic trait of a Finlandized parliamentarianism is that the People's Democrats can simultaneously be in the government enjoying the benefits of positive decisions as well as in opposition criticizing the government's troublesome decisions.

This means that the SKDL [Finnish People's Democratic League] can take advantage of the benefits of participating in the government as well as being in opposition at the same time.

It would, of course, be an exaggeration to argue that the benefits to the SKDL are overwhelmingly great. The accomplishment of this kind of a thoroughly independent policy has not been too easy and without problems for the divided leadership of the party. And it is not easy to increase party support with this policy or even maintain previous support.

Indeed, from the point of view of party support it is also difficult to understand that thinking by which the Taistoites threaten the SKDL leadership: Only a stricter Marxist line will ensure the maintenance and growth of party support.

Where in the world will orthodox Communists dissatisfied with the Kivisto-Kajanoja phenomenon now go -- to the Social Democrats?

But it would also be unjustified to doubt whether Sorsa and Koivisto do not see this Finlandization. In seeing it they also thus approve of it.

There has to be some reason for this approval. Otherwise, they would scarcely have allowed the rules of traditional parliamentarianism to become so insipid.

On the other hand, the reason should perhaps be found from tactical thinking in the Social Democratic Party, from the position of the game in the arena, which in addition to everything else is divided into two parts even though the players are pretty much the same: from competition for political influence and trade union influence.

The implementation of such a policy must be beneficial to the SDP in both areas.

On the other hand, the value of leftwing cooperation is most likely more important than tactical considerations for the parties. It can also be found in national questions.

From the point of view of the President of the Republic, keeping the government intact has its own intrinsic value just before the elections and in the early stages of Koivisto's term of office.

But the president has already previously announced his hope that this same cooperation will continue even after the elections.

Such a hope expressed before the elections, in which it has been customary to measure the views of citizens on government cooperation and its results, grates somewhat on the ears, and, therefore, there has to be an even more profound reason for expressing such a hope.

The president's point of view is certainly broader than that of party leader Sorsa. It probably means that the president sees in leftwing cooperation a greater value than strictly orthodox parliamentarianism either from the point of view of the country's economic situation or the international political situation, or because of both.

Perhaps from this one can draw the conclusion that President Koivisto's appraisal of economic development expected over the long term is not very enlightened, and that material for a soft landing should be collected now while it is still possible also by means of maintaining leftwing cooperation.

When nothing but various shades of gray are visible over the long term, it is not worthwhile raising too great a conflict over questions of principle. We will inevitably be faced with times when we will turn to support benefits already achieved in the struggle for the distribution of income instead of a new pursuit.

Even the international situation can emphasize the significance of maintaining leftwing cooperation. The atmosphere of defiance in the international situation is not dissipating in the face of great changes, which profoundly affect the world's superpowers and their power structures.

Now more than ever we should make certain that Finland unequivocally maintain its policy line and its credible reliability without speculating on international relations in one direction or another. This may even be an absolute value even though it would be difficult to admit.

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CS0: 3617/20



## STALINIST ORGAN SEES UNITY RESTORED AFTER DEVALUATION CRISIS

Helsinki TIEDONANTAJA in Finnish 20 Oct 82 p 2

[Editorial: "Heart of the Matter"]

[Text] Workers' cooperation has acquired a central position in the devaluation and government solution. Devaluation as well as remaining in the government in spite of anything else have been justified by the continuation of workers' cooperation.

Since cooperation enjoys the kind of prestige it is enjoying, it is clear that doubts concerning the continuation of present cooperation will be easily dispelled. Many who would never want cooperation to be used for purposes of lowering the standard of living of workers have given up the mere term, cooperation. The builders of devaluation are taking advantage of this. And not without results.

However, cooperation among workers as well as workers' parties is completely different than present government cooperation between the Social Democrats and certain People's Democrats. This is not workers' cooperation. This is cooperation between those participating in the government and also all the bourgeois parties for the purpose of implementing an economic policy contrary to the interests of workers. There is not even a hint of workers' cooperation in this matter.

In addition to all this, this kind of cooperation eats away the foundation from workers' cooperation since faith and trust in cooperation disappear as a consequence of this kind of policy.

Moreover, the condition for cooperation is the success of the parties concerned, which provides a motive for the partners involved in cooperation. This is not happening in this situation. The situation is completely different; the Social Democrats are succeeding steadfastly and the Communists are losing just as steadfastly.

If the matter is looked at from the point of view of success, cooperation is quite close between the SDP, which is in the government, and the Conservative Party, which is in opposition. Both are succeeding and both are thoroughly satisfied with economic policy. What else could one ask of cooperation.

The fact that the People's Democrats are remaining in the government and supporting a policy opposed to the workers is exclusively or at least primarily explained by the fact that the inclination toward a Social Democratic policy is rather strong in a portion of the People's Democratic leadership. And this inclination is not reduced by the salaries paid to ministers or MP's or by the many opportunities to acquire positions and offices.

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CSO: 3617/20

## BRIEFS

NATIONWIDE PEACE MARCHES HELD--The number of participants in peace marches around the country exceeded that of previous years. All in all, more than 150,000 people marched for peace. Marches were held over the weekend in 80 different localities. The central slogans of the marches were a Nuclear-Free Nordic Zone and a Nuclear-Free Europe. The declarations and banderoles of the various trade unions added color to the events. In addition to the peace organizations, there were also groups from the trade union movement as well as youth and cultural organizations. Groups marching under their own banners came from various parts of Helsinki to participate in the peace march in Helsinki. Speakers at the peace marches pointed out, among other things, that weapons appropriations can be directed toward the benefit of employment and development aid. Actions for peace were demanded from the government and the president. "The new peace movement no longer believes and obeys governments, but is demanding definite actions and a new kind of policy for strengthening peace," stated Hilikka Pietila, who spoke in Oulu. According to the most recent Gallup poll 92 percent of Finnish citizens over the age of 15 supports the formation of nuclear-free Nordic zone. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 28 Oct 82 p 3] 10576

CSO: 3617/23

## PISANI ON FRANCO-AFRICAN POLITICAL TIES, ECONOMIC AID

Paris LE NOUVEL ECONOMISTE in French 18 Oct 82 p 43

[Interview with Edgard Pisani, European commissioner for development, by Jean-Claude Hazera from LE NOUVEL ECONOMISTE; date and place not specified]

[Text] Eighteen months after succeeding Mr Claude Cheysson in the Office of European commissioner in charge of development, Mr Edgar Pisani has just put together in a memorandum his views on relations between the Ten and their "Associated States," mainly the African states. Before speaking with the prime minister, the former minister of agriculture under General de Gaulle answered the questions of LE NOUVEL ECONOMISTE at the very moment when the Franco-African Summit of Kinshasa was drawing to a close.

[Question] Mr Francois Mitterrand has just reaffirmed forcefully the special nature of the bonds between Africa and France. Are they as strong with Europe?

[Answer] Personally, I have never doubted the exceptional and long-lasting nature of these bonds. However, Europe does not want to be lacking elsewhere. All the same, the Kinshasa summit, far from being limited solely to Franco-African relations, has provided an opportunity to solve specifically African problems and also to affirm the necessity of reforming the international economic system.

[Question] Won't the historical foundations of European-African relations be blurred when colonization is only a distant memory?

[Answer] Colonization was one type of relationship. Today we are discovering other types which have nothing to do with it. On the other hand, during my recent trip to more than 25 African countries, not once did I hear the past rehashed. We have to say that the European framework does somewhat dilute the dialogue with the former colonial power.

[Question] Can't the East-West ideological splits of the African continent compromise relations with Europe?

[Answer] Europe has succeeded in establishing privileged relations with all the countries of the continent except two (South Africa and Libya), since a short time ago, Mozambique and Angola asked to participate in the ACP [African, Caribbean and Pacific countries associated with the EEC] system. Francophones, Anglophones and Lusaphones have, therefore, transcended linguistic blocks as well as ideological blocks. What strikes me is that they are, above all, nationalistic. Those who are politically linked to Eastern Europe know that they cannot expect any real development aid from there. And all feel that, in a world divided between East and West, there is no place for either Europe or Africa.

[Question] Doesn't the attitude of the West, of the United States, to be more precise, cause difficulties in Africa, as President Mitterrand emphasized in Kinshasa?

[Answer] The very doctrinal liberalism which reigns in Washington at present is not sufficient to guarantee development. On the contrary, to advise these countries to rely solely on the private sector and on the marketplace is to recommend that they rely on foreigners, since the national private sector does not exist.

We must, however, express a subtle difference. In agriculture, the private initiative of small peasant farmers remains fundamental, and I advise those with whom I speak to resist the temptations of the large state farms. But that does not preclude the necessity for regulating grain prices, for example.

[Question] A profound reexamination of the European policy vis-a-vis the third world was expected. Now your memorandum gives, in the final analysis, an impression of great prudence...

[Answer] The work already accomplished is considerable. It is the result of a whole series of compromises. We could not make a 180 degree turn. The main innovation is that we are no longer financing plans alone, but total policies.

[Question] The countries which you are asking to commit themselves with respect to a policy are going to accuse you of putting them under your thumb...

[Answer] The five countries (Kenya, Mali, Rwanda, Tanzania, Zambia) with whom we have discussed "food supply strategies," the most concrete application of this principle, have never given me this argument. In reality, we are not imposing an external "condition" on them, like the Monetary Fund is often accused of doing. We are only asking them to respect a policy defined in common.

[Question] Concerning the IMF, the more African countries have problems of indebtedness, the more the important affairs are dealt with in Washington and not in Brussels...



[Answer] That has always been the case. The general assembly of the IMF which was held in Toronto has shown, on the other hand, that there are no longer national problems to deal with, but a single and global record of debt. In the absence of clear solutions, the risk is serious that the indebted countries will be discouraged. Free of insolvency, why try to correct the situation since everyone is in the same boat?

[Question] But are the financial means of Europe equal to its ambitions?

[Answer] In terms of aid, yes. If one adds the aid distributed by the member countries to that which is properly community aid (approximately ten percent of the total), the Ten distribute half of the worldwide public aid for development. In return, we must find the means of completing this aid by a volume of larger credits and above all we must better articulate aid and credit.

[Question] Doesn't Brussels run the risk of seeing itself fragmented in relations with only the poorest countries?

[Answer] The commissioner knows this risk, but is set against it. We have responsibilities toward Europe as well. I am not only responsible for development, but also for cooperation, that is to say, for a system of relationships in which both parties must benefit.

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CSO: 3519/71

## SECURITY AFFAIRS BOARD PUBLISHES STUDY ON NUCLEAR-FREE ZONE

Reykjavik MORGUNBLADID in Icelandic 4 Nov 82 p 14

[Article by Bjorn Bjarnason: "Third Publication by the Security Review Committee: Iceland and Nuclear-Free Zones"]

[Excerpt] In the first book published by the Security Review Committee, "The GIUKGap," an evaluation was made on strategic factors directly concerning the security interests of Iceland. In the Committee's second publication, "Armament and Peace Efforts in the Indian Ocean," ideas and efforts to conserve ocean areas and their environment were discussed. In the third publication "Nuclear-Free Zones," ideas aiming at reducing armament are again discussed. The author of this book is Thordur Ingvi Gudmundsson, political scientist, who works for the Bureau of the Budget. Gudmundsson received his master's degree from Queen's University in Kingston, Canada. His thesis was about comparison of Icelanders and Canadians in their approach to the process of decision-making concerning the expansion of their territorial limit to 200 nautical miles.

Gudmundsson's book mainly deals with a nuclear-free zone in the Nordic Countries. The book shows how very little discussion about that issue has taken place in this country, as it is doubtful whether Iceland should be considered to belong to such a zone, should that be established by some international legislation. The elaborate discussions about this issue during the previous two years, ever since it became an internal problem in the Norwegian Labor Party, do not indicate at all that there is any probability of legal declarations for a nuclear-free zone in the Nordic Countries in the making. No government in the Nordic Countries plans to be an instrument to that. The Americans claim to be against the idea. The Soviets play with two faces as usual and say, for example: We will negotiate about what belongs to you but we will not discuss Soviet matters. On the other hand, the Kremlin realizes that the Nordic Countries will not tolerate such arrogance, and say that they will wait until one of the Nordic Countries takes the next step.

Although there may be doubt as to where people think the natural place for Iceland might be in case of a legal act, there is no doubt about the country's position; it is the same as that of Denmark, Norway, Finland and Sweden. There are no nuclear weapons in Iceland. The policy of the Icelandic government is the same as that of the governments of Denmark and Norway, which also are members of the Atlantic Alliance, namely that they have not renounced Iceland's right to be defended with nuclear weapons if other weapons do not suffice. This position is in accordance with the official defense policy of the Atlantic Alliance. It does not, however, include that it is necessary to keep nuclear weapons in the Nordic Countries during peacetime. The Nordic Countries are therefore in reality, or de facto, a nuclear-free zone, although they cannot be considered as such de jure.

I do not think that Gudmundsson brings this out clearly enough; nor does he, in my opinion, make the difference clear enough between the official position of the Nordic Countries, and the unclearly-stated position of those who argue in public associations that the Nordic Countries be a nuclear-free zone. On the other hand, the book obviously shows how much is unclear and badly defined in general discussions about this issue in the Nordic Countries. People seem to prefer most often to hint at this and that when they submit demands for a nuclear disarmament, and not least those who reckon that the Nordic Countries are in greater danger from the nuclear weapons of the Western world than from the Soviet Union! Ambiguous statements made by those who believe that should not come as a surprise, because they do not acknowledge the fact that the Soviets are the only ones who aim nuclear weapons at the Nordic Countries.

In the introduction to the book, Gudmundsson says. "However, the conclusion of these discussions (about a nuclear-free zone in the Nordic Countries) has been: among other reasons, because of the government change in Norway and the running aground of a Soviet submarine, equipped with nuclear weapons, in the Swedish archipelago, is not feasible that the Nordic Countries do anything unilaterally in the matter, and it would be preferable that the matter be discussed in connection with talks between the superpowers about bilateral reduction of intermediate range ballistic missiles in Europe."

This section of the paper has earlier discussed a report from a Danish committee on a nuclear-free zone in the Nordic Countries (17 June 1982) and a book by a Swedish journalist, Johan Tunberger, on the same issue (14 October 1982). In both these books are found considerably more detailed reports about the development of this subject in the Nordic Countries, and the most important current problems than in the book by the Security Review Committee. Gudmundsson's work, however, surpasses the two other books by the fact that he has obtained information about the position of Iceland, which the Danes did not mention, while Tunberger only mentioned Iceland briefly in his book.

On page 77 Gudmundsson refers to Unt Vesa, a Finnish scholar who has studied the vague statements made by Kekkonen. Vesa says that the Finns did not have Iceland in mind as being part of the zone. On the other hand, the former U.S. Military Attache in Helsinki, Commander J. C. Mumford, reckons that Iceland is definitely a part of what the Finnish government has in mind as a nuclear-free zone. The same can be said about Juri Komissarov, who more than once has

written articles about Finnish foreign affairs. People do not agree on who Juri Komissarov is. It is considered most likely that this is a pen name used by the top officials in the political department of the Soviet Foreign Ministry. In an article written in 1978, he feels that Iceland is included in Kekkonen's ideas about a nuclear-free zone in the Nordic Countries.

Obviously, neither the Finns, the Americans, the Soviets nor others will make any decision about this on Iceland's behalf. Icelanders themselves have the final say. In Gudmundsson's book there is correspondence from 1958 between Bulganin, the Soviet Premier, and Hermann Jonasson, prime minister, on this issue. Bulganin's letter is written at the time the People's Alliance was in the Icelandic government, which was formed on the basis that it would be proper to break the defense agreement with the U.S. Bulganin says about that policy: "There is hardly any doubt that the implementation of such government policy is in accordance with the interests of all peace-loving Icelanders, whose courage and capability has aroused the deep respect of the Soviet Union." The Soviet prime minister then refers to the possibility of absolutely excluding nuclear weapons from "the great foreign military installation" in Iceland, but that fact "puts the Icelandic nation in danger which is not at all minimal." The Icelanders have not made a statement to the effect that they will reject stationing foreign nuclear weapons and missiles in their country. If such weapons will be brought into the country, the country will be thrown "into a very precarious situation" because of the danger of a counterattack "if it so happened that the military authorities of the NATO countries use nuclear weapons against the Soviet Union or other peace loving countries."

Gudmundsson states correctly that this declaration may be interpreted as a threat, and that it has since been repeated many times by the Soviet Union. It is in fact the nucleus of the scare propaganda used by the base opponents in this country still today.

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CSO: 3626/4

## TIES BETWEEN WOMEN'S PEACE GROUP, 'NOVOSTI' EXAMINED

Reykjavik MORGUNBLADID in Icelandic 29 Oct 82 p 2

[Article: "Soviet Activities in Iceland: Novosti Distributes Notices From the Icelandic Women's Culture and Peace Organization"]

[Text] The Icelandic Women's Culture and Peace Organization announces a movie and roundtable discussion this Saturday. In a news release from the organization, which MORGUNBLADID received yesterday, it says that people from the health care sector have been invited to attend this meeting, "as well as various prominent figures in the community." This news release was received at the MORGUNBLADID along with propaganda from the APN "press office" of the Soviet Embassy and is obviously prepared at the "press office."

Two or three times a week, Novosti sends MORGUNBLADID a translation of some propaganda in Soviet newspapers or translations of speeches made by Soviet leaders. In the parcel received yesterday, for example, they sent the speech which Leonid Brezhnev, the Soviet premier, gave on Wednesday at the Kremlin at a convention of Soviet Army and Navy officers. The premier said, among other things:

"Our nation loves its army and depends on it to always be prepared to defend the socialist fatherland. The nation appreciates courage and self-denial in performing its duty... We supply the army modern weapons and materiel. The Party's Central Committee agrees on measures to live up to all your demands. The army is deserving of that care... It is extremely necessary to know how to handle weapons skillfully and know how to use them to the utmost... A special emphasis should be placed on further strengthening the economic basis of the military forces... It must not be allowed that we lag behind. We expect that our scientists, our designers, engineers and technicians will do everything in their power in order to solve all tasks that are related to this and bring results.

In a special envelope addressed to the MORGUNBLADID, which accompanied this delivery from Novosti, was a news release about a meeting of the Icelandic



Women's Culture and Peace Organization. Included was also an address from the organization on the occasion of the United Nations disarmament week. It says among other things:

"Billions of kronur are being spent for armaments. Knowledge and skill is utilized to invent ever larger and more effective murder machines. Let us think how much different the world would be if the same human talent and the same amount of funds, which are used for warfare, would be utilized for the good of the human race...

"The defense of a superpower is no defense... In our times, individualism, xenophobia and human hatred have been highly praised... If we do not want to become robots with no will at all, we must resist and influence our development ourselves..."

In comparing these notices from the Icelandic Women's Culture and Peace Organization, it is obvious that they are typed on the Novosti typewriter. It may be mentioned that Maria Thorsteinsdottir, who is among the leaders of the Icelandic Women's Culture and Peace Organization, is the editor for the paper News From the Soviet Union which is published by Novosti here in Iceland.

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CSO: 3626/4

## OBSERVER COMMENTS ON NOVOSTI'S TREATMENT OF NATO BASE ISSUE

Reykjavik MORGUNBLADID in Icelandic 4 Nov 82 p 7

[Commentary by Staksteinar: "Up to Their Old Tricks"]

[Text] The staff of the Soviet Embassy is busy distributing propaganda on behalf of themselves and others. Every day their staff works their fingers to the bone translating and sending the mass media here trivia from the propaganda center in the Kremlin. Along with their messages come greetings from the Icelandic Women's Culture and Peace Organization. In the last batch from Novosti to MORGUNBLADID were found reflections of the mouthpiece of the Soviet government about the security affairs of Iceland.

## Izvestia and Iceland

Izvestia is the mouthpiece of the Soviet government. Nothing is published there but what is agreeable to the government rulers. Izvestia mainly follows affairs which concern the security of Iceland, as in fact to other Soviet mass media. The sources Izvestia has here in the country are uncertain, but sometimes articles from the paper are distributed by the Soviet propaganda institute Novosti (which also takes care of distributing news releases for the Icelandic Women's Culture and Peace Organization as is well known). Yesterday, MORGUNBLADID received the following article from Izvestia which was published in the paper 29 October under the heading: "Going Behind the Backs of the Icelanders." The article was translated by the staff of the Soviet Embassy in Reykjavik.

"The public and newspapers in Iceland discuss with apprehension the news which was published in the American newspaper WASHINGTON POST, in which new plans of the U.S. Department of Defense are discussed. The Pentagon is now working on a 'plan of action against the Soviet Union on the ocean.' In the latest plans from the Pentagon, Iceland is given special attention. The generals on the other side of the ocean now feel that the time has come to increase the power of the U.S. base in Keflavik, which will secure air defense for the joint fleets of the Atlantic Alliance.

"It is well known that 30 years ago Iceland was dragged into NATO. In 1951, the government signed the so-called 'defense agreement' and thereby Keflavik has become a U.S. military base. In 1956, the Althing agreed that the agreement about the removal of the U.S. forces (sic!) would be reviewed. Washington launched various political pressure tactics and succeeded in keeping Keflavik.

"According to information, there are now over 3,000 American soldiers at the base. A squadron of Phantom aircraft is stationed there. Aircraft, equipped with spy devices, make a stopover there. Keflavik is one of the largest U.S. bases in Western Europe.

"But it is obvious that the Pentagon people are not happy about current military activities in Iceland, as the designers of the new plan assume that the base will be the main point of the NATO fleet's air and naval traffic; a center for information about activities of the Soviet fleet, both in the air and at sea.

"The Pentagon then refers to a so-called 'Soviet threat' and expects to increase the number of their aircraft in Keflavik, which are equipped with the AWAC system. It has also been decided that F-15's, which are modern aircraft, will replace the Phantoms. It is expected that the aircraft will be equipped with extra fuel tanks so that their range can be increased. It can be expected that this is only a small portion of all the plans the Pentagon has made."

#### Izvestia and the Truth

One year ago, the manager of Novosti in Iceland left office after he had reported untrue news, in the name of TASS, to Soviet newspapers. News not according to the truth are still published in Soviet papers. In a society which is based on lies, the truth can, of course, not be reported to the news media. Where has that appeared in this country that people are discussing measures considered necessary to ensure the security of the nation, with "apprehension"? The people who spoke with the news reporter from Izvestia must belong to the group of people who have never reflected on the security of the Icelandic nation and want Iceland defenseless like the ideologues of the Warsaw Pact. It is actually easy to prove that the Izvestia sources are members of this small group of eccentrics by pointing out, for example, that in Izvestia article it says that Iceland had been "dragged" into NATO. This is the historic view held by communists in Iceland; an opinion which they have never been able to prove and which runs afoul with all sources. It is informative to know the evaluation rendered by the mouthpiece of the Soviet government, that the leftist government in 1956, which was formed with the participation of the People's Alliance, had given in to "political pressure" and abandoned its plans for no defense.

One of the main sources of the Soviet news media on Iceland's security affairs during the last months has been Mr. O. Grimsson, as he is called in the Eastern bloc. This is no other than the chairman of the parliamentary group of the People's Alliance himself, Olafur R. Grimsson. Izvestia does not quote Mr. O. Grimsson, as the Red Star, the mouthpiece of the Soviet Army, seems to have had

the best access to him. Moreover, it is not maintained in Izvestia that Iceland is the center for the nuclear net of NATO and the United States; Mr. O. Grimsson has a monopoly on that theory.

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CSO: 3626/4

## ANTI-BASE GROUP PRESENTS LIST OF QUESTIONS TO MINISTER

Reykjavik MORGUNBLADID in Icelandic 30 Oct 82 p 12

[Article: "Base Opponents Question Foreign Minister"]

[Text] Greatly increased activities by the U.S. defense force in Iceland, both with regard to projects, design and planning, have caused alarm and amazement among opponents of the base all over the country, says a news release from the Organization of Base Opponents which MORGUNBLADID has received. It states further: Questions about the nature and purpose of all these activities have become increasingly more pressing with each new report about the reform of the base which now seems to be under way. Therefore, the Organization of Base Opponents has sent the foreign minister the following list of questions along with a request for quick and clear answers. The Foreign Ministry received the list on 26 October.

The questions which the Organization of Base Opponents submits to the foreign minister demand explanations by the authorities of the greatly increased activities of U.S. forces in this country recently. The activities referred to are, among others: 1. Construction of revetments at the Keflavik Air Base. 2. Construction of an earth station for a satellite connection at Midnesheidi. 3. Design of a harbor at the oil depot at Helguvik. 4. Preparations for a fuel terminal at Holmsbjarg. 5. Plans and interest of U.S. military authorities to build a new terminal. 6. Agreements about an earth station at Ulfarsfell for television for the military. 7. Plans about an extensive increase of the U.S. Air Force in the country.

Furthermore, the Organization of Base Opponents wants to direct the question to the foreign minister whether the following state institutions, which all have participated in work connected with the above mentioned activities, did that in accordance with the government's policy? These institutions are: a) The State Lighthouse and Port Authority, b) the Directorate of Shipping, c) the Marine Research Institute, d) the Energy Institute, e) the State Drilling Authority, f) the Post and Telegraph Administration, and g) the State Town Planning Department.

These questions are also submitted to the media. Answers are requested from the foreign minister.



## AUTHOR URGES INCREASED ICELANDIC PARTICIPATION IN DEFENSE

Reykjavik MORGUNBLADID in Icelandic 29 Oct 82 p 5

[Article: "New Issue of Vidhorf: Icelandic Participation in Defense"]

[Text] "Increased Icelandic Participation in Defense" is the name of an article by Kjartan Gunnarsson, executive director of the Independence Party, which was published in the last issue of the periodical Vidhorf, which is published jointly by Vardberg and the Society of Western Cooperation [SVS].

The article is based on a lecture which Gunnarsson gave at a meeting of SVS and Vardberg 23 January 1982. The lecture was called "Icelandic Initiative in Security Affairs. Increased Icelandic Participation in Defense."

The author submits definite ideas about increased participation of Icelanders themselves in the defense of Iceland. The headings of the chapters are: "Geographic Location of Iceland Important," "USSR Interest in Iceland," "Icelandic Initiative," "Limited Right to Self-Determination," "General Defense," "The Central Bank Building and the Terminal," "Radar Stations and Airports" and "The Icelanders Carry the Responsibility."

This issue has eight pictures and five maps. The periodical can be ordered by writing to SVS or Vardberg, post office box 28, Reykjavik or by calling 10015 to have it delivered.

9583

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## CENTER PARTY MP URGES STRONGER LINE AGAINST WILLOCH RULE

Oslo DAGBLADET in Norwegian 3 Nov 82 p 2

[Text] Lillehammer--"What is essential and desirable for the Conservative Party is just what the Center Party should try to prevent the government party from implementing," charged Storting representative Lars Velsand (Center) at a recent joint meeting of all Center Party groups in Nord-Gundbrandsdal.

Velsand said it is now time that the Center Party adopts a tougher style in dealing with the Conservative government. "We have played our cards in advance and are so restricted that we are accomplishing too little," said Velsand, who doubted that it would be correct for his party to join the government.

Velsand said the Center Party had put itself in a very difficult position in which the government's assumptions are more decisive than any consideration of the Center Party's own program and its own voters.

"We must view the fact that the Center Party's electoral base is decreasing more seriously. We cannot take this calmly," said Velsand.

Among those who supported Velsand's statements at the meeting was his predecessor in Storting, former SP [Center Party] vice chairman Ola O. Rossum.

"If we are to achieve anything in Norwegian politics, we must be free. Our ties to the Conservatives are very strong," said Rossum. He called the budget compromise with an ante of 250 million kroner for distribution window dressing and nothing more than one could get out of budget negotiations in the past as well.

Center Party chairman Johan J. Jakobsen would not comment on Velsand's move to the NTB news agency.

But he did refer to a report in NATIONEN from the same meeting in which it was said that Velsand feels that what the Center Party has gained in

cooperation with the Conservatives does not stand in reasonable proportion to what the party will be held jointly accountable for. "I understand that reaction," said Johan J. Jakobsen.

He said that all the reactions to the budget compromise the Center Party has received have been generally positive, except from the county group in Telemark, which was critical. "But later on we also got positive reactions from that district," said Jakobsen.

6578

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## INTERNAL DEBATE OVER POLICIES CONTINUES IN CHRISTIAN PARTY

Oslo DAGBLADET in Norwegian 3 Nov 82 p 2

[Article by Eva Bratholm]

[Text] The two candidates for KRF [Christian People's Party] chairman, Kjell Magne Bondevik and Kare Kristiansen, are in agreement on a line that is pro-government. To the great irritation of Lars Korvald who is sharply critical of the party leadership.

"When my book came out about a month ago, both Kare Kristiansen and Kjell Magne Bondevik said that they did not want a public discussion on the abortion issue and government participation. The party would have to go through a calm internal debate first. Therefore, I am very surprised by the signals that are now coming from Bondevik."

That was Lars Korvald's comment on Kjell Magne Bondevik's plea for more freedom of action for KRF. It was in a debate with Einar Forde that Bondevik advocated lowering the "abortion barrier" so that the party could have more freedom of action when it comes to forming a government. Bondevik said that this should be clarified at the party's national congress in the spring. "This does not mean, however, that we should take an initiative to enter into government cooperation right away. But we should have the opportunity to join in and solve a parliamentary crisis," said Bondevik.

#### Turned Upside Down

"I see that Bondevik also thinks we should discuss the fundamental question of what stand a Christian party of ideals should have in a more secular society. This ideological debate is something I am waiting for. By talking this early about freedom of action and cooperation, the problem has been turned upside down. The conclusion is reached without having gone into the basic problems," said Lars Korvald.

## No Single Issue

Kjell Magne Bondevik also pointed out that many people within the party believe KRF is bound by the Tonsberg resolution during this period.

"On the other hand, I do not think very many feel we should cut ourselves off forever from the opportunity of assuming government responsibility on the basis of one issue," said Bondevik. He stressed that the question of cooperation should be given a total evaluation based on the party's Christian ideals and program, not just on a single issue.

## What Is Important?

To that Lars Korvald replied that he has asked himself what other issues are so important that the abortion issue should be set aside. "By presenting the cooperation question in this way, one gets the impression that the party has thoroughly discussed its role as a Christian party-- but as far as I know, that is far from being the case at this time," said Lars Korvald.

"Yes, I am amazed that this is coming up now. Incidentally, this bears out the truth of something I pointed out earlier, namely that KRF cannot avoid a public debate on the Tonsberg resolution. We must take it up in its full fundamental breadth, we cannot get away with saying that the resolution was not debated thoroughly. The Tonsberg resolution was discussed in great detail," said Lars Korvald.

## Seeking the Middle

Lars Korvald was backed by Hordaland KRF vice chairman Knut Risnes, who said in yesterday's edition of VART LAND that conclusions should not be drawn beyond the framework of the Tonsberg resolution before KRF has discussed its role in society.

KRF chairman Kare Kristiansen supported his party colleague, Kjell Magne Bondevik. But it is not unreasonable to suspect that it was the competition with him for the chairmanship that led Bondevik to make his move at this particular time.

Kjell Magne Bondevik needed to demonstrate that he was more willing to cooperate than Lars Korvald and to establish himself as a middle candidate in good time.

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## CONSERVATIVES' POLL SETBACK BLAMED ON MINORITY RULE STATUS

Oslo AFTENPOSTEN in Norwegian 6 Nov 82 p 3

[Commentary by Morten Malmo]

[Excerpts] Yesterday there was jubilation in the Labor Party, while the mood was more reserved in the Conservative, Center and Christian People's parties. The latest opinion poll from the Market and Media Institute (MMI)--published in DAGBLADET--showed a gain and potential Storting majority for the Labor Party, while the three cooperating parties all declined. At the same time we are seeing a better climate of cooperate among the three parties than has existed in a long time and recent events--especially the budget compromise--make a government expansion more probable. The MMI poll should probably serve as a warning that bleak poll figures can become a reality in an election if the joint nonsocialist efforts to create an even better and more effective alternative fail.

Let it be said once and for all that a poll is a poll and not an election and that the MMI polls are not fully confirmed by the polls conducted by the other two public opinion institutes. Even so, the poll indicates a clear trend. The Labor Party is on the advance. The Conservative Party declined slightly in comparison to the election results, while the Christian People's Party and the Center Party suffered declines.

The Labor Party gain comes at a time when there is uneasiness about security policy in the party, with the party leaders sharply opposed as to whether the party should say a conclusive yes or no to the deployment of NATO's new missiles. This conflict could produce declines for party support again. Yesterday's poll did not reflect the uneasiness that something like Reiulf Steen's move must have created, for example. The Labor Party gain comes at a time when the debate on the government's budget proposal was raging and discontent was being expressed freely. The Labor Party has conducted what one might call "good opposition politics" and the party chairman, Gro Harlem Brundtland, in particular has not spared herself. She has used phrases like "assault on the welfare state" and "an unemployment budget." Demagoguery, of course, but as we know, strong language can also confuse the voters. No one should forget that. Concern about the budget--which was presented on 6 October--probably had an effect on the

DAGBLADET poll. If most people are really dissatisfied with the budget, the trend could intensify. On the other hand, one should be very cautious about including the nonsocialist budget compromise as a strong deciding factor. That occurred on 18 October and the field work on the MMI poll was done in the period from 19 to 26 October. Politicians and members of the press are often too apt to explain poll shifts in terms of events that occur at approximately the same time. Election researchers are not so sure that voters react that quickly. Party shifts often occur as the result of increasing dissatisfaction--a piling up of factors, if you will.

The government party has done well since last year's election, but the government's problem is that it is a minority government. Prime Minister Kari Willoch is well aware of that himself. A majority government would have made it easier to run things. Even though the government generally functions well, it is inevitable that problems of wear and tear arise and it is much easier for most people to blame the government if they are not satisfied. The last government ran into that. It is not hard to understand why Christian People's Party and Center voters are disappointed. Before the last election, both parties let it be known that they were willing to take part in talks with the Conservatives about forming a government. That plan fell through because of the Christian People's Party view on abortion. And then the Center Party did not want to join the government either. The result was that the Conservatives got the political "kitchen" to themselves and were able to make up their own menu. The government "cooks" have done well at that task.

In spite of the good cooperation in Storting, the budget compromise and pronouncements about "having accomplished a great deal," the Center Party and the Christian People's Party can never do anything but "season" the dishes served up by the government. The menu has been determined by the government.

Whether budget compromises are arrived at in Johan J. Jakobsen's room in Osteras or at the home of Kjell Magne Bondevik in Hauketo, the influence exerted by the two middle parties on the Conservative plans can never be the same as it would be if the two parties and these two gentlemen were seated around the cabinet table. All three parties should also bear another factor in mind. Even if agreement is reached on a budget compromise, this kind of problem-solving method is apt to create confusion and uncertainty among voters for all three parties, even though the negotiations this year took place under very nice conditions.

The Center "guerrillas" and some members of the Christian People's Party are looking at another way to get ahead--in opposition to the government. Strong opinions, little influence and a state bordering on political chaos could be the result of such a line. Most nonsocialist voters do not want this kind of development. There is every reason to expect that they will turn their backs on their parties if this happens. And--chaos in the ranks of the nonsocialists is all the Labor Party needs to make the October MMI poll become a reality.

Many people noted Kjell Magne Bondevik's recent move with interest. He advocated greater freedom with respect to the "abortion barrier" approved by the national congress of the Christian People's Party last year. Next year the party will hold another congress. Apparently the Center Party has decided to let the Christian People's Party make its own choice. That was an "act of courtesy" in the current [words illegible].

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## PAPER LOOKS AT POLL SETBACK FOR SMALL BOURGEOIS PARTIES

Oslo AFTENPOSTEN in Norwegian 8 Nov 82 p 2

[Editorial: "Another Eye-Opener"]

[Text] The latest opinion poll from the Market and Media Institute (MMI) was an eye-opener, especially for the Center Party which with an alltime low of 4.5 percent can now join the ranks of the small parties--at least for the time being. But the situation is also extremely worrying for the Christian People's Party--the government's other support party. This is not primarily because of the latest single result (7.7 percent), for here, as always, the margin of error must be taken into account. The point is this. Both the Christian People's Party and the Center Party have witnessed a poll trend that clearly indicates that the two parties are increasingly being viewed as uninteresting by voters in the current political situation.

This development does not exactly come as a surprise to AFTENPOSTEN. We have long believed we could predict what the result would be after the Christian People's Party and the Center Party--which with the Conservatives have a moral responsibility for the fact that we have an effective nonsocialist regime in this election period--decided to stay outside the government formation process last fall. Several opinion polls have confirmed that this standpoint was--and is--in conflict with the wishes of a great many voters.

Actually it is probably only in various party offices that people have such exaggerated ideas about the excellence of a particular party that they can ignore the political context in which they obviously belong. That explains the remarks we have noted over the past year from both Bondevik and Jakobsen about how good they feel about being outside the government and how beneficial it has been for the Christian People's Party and the Center Party to sit on the fence in the government formation process. It is quite amazing that these leaders have not asked themselves how this "self-sufficient" mentality looks to the voters who think the paramount task for the Christian People's Party and the Center Party is to make an active contribution toward solving the problems of the nation. The only way this can be done is through constructive cooperation

with the Conservative Party, and the recent budget compromise represents a promising move in that direction. But we cannot avoid reminding our readers of the deep nonsocialist split that came out in the open in the weeks just before the compromise. It is quite possible that some people had not entirely forgotten this when the latest MMI survey was taken.

Together the three cooperating parties make up a majority in the current Storting and if the goal is to achieve substantial political results, it cannot be so difficult to agree on how this majority can be utilized most appropriately. In such a perspective, the government problem should also be given its final resolution for the remainder of the current Storting period. We can only deplore the fact that a clarification in the direction of an expanded government cooperation has not already been forthcoming. In that case the situation would almost undoubtedly have been different--and better--than it now seems for both the Center Party and the Christian People's Party.

The budget compromise by the Conservatives, the Christian People's Party and the Center Party ought to serve as a suitable starting point for new talks about how nonsocialist cooperation can be expanded in firmer and more binding forms. We hope that the budget debate today and tomorrow can demonstrate such a possibility.

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## PAPER CRITICIZES LABOR PARTY PERFORMANCE IN OPPOSITION

Oslo AFTENPOSTEN in Norwegian 9 Nov 82 p 2

[Editorial: "Irresponsible Labor Party Policy"]

[Text] By and large the first day of the budget debate in Storting was surprisingly remote from reality compared to the urgent economic problems that are being confronted today throughout Norway. These are problems that cannot be solved by slogans or other propagandist means. With the mass media reporting reduced operations and bankruptcies, layoffs and firings at unprecedented levels in recent history, there can hardly be anyone who does not know that the reason is a cost level that is substantially higher than that in the countries we are competing with for the sale of goods and services. And as independent economic experts have said repeatedly for some time, only a decline in the cost level can prevent new records being set in the number of bankruptcies. If we are unable to shift away from the development resulting from many years of inflationary policies under different Labor governments, there is really little hope for the future.

Against the background of the economic realities of today, when the major task is to restore business competitiveness and thus secure jobs, several speakers in yesterday's budget debate were sharply critical of the LO [Federation of Trade Unions] political demonstration strikes. What the LO leadership did here was push through a political strike to get the government to make the same mistakes made by the Labor Party in the past. The chairman of the Finance Committee, Jan P. Syse, said it would have been more helpful to work an hour longer, and of course he is right about that. After the meaningless strike performance we witnessed last week, many people must be asking themselves, like the Finance Committee chairman, if it is really just competitive ability that we lack. Perhaps we should dig a little deeper and ask if there is any willingness to be competitive.

Everyone should understand that we cannot appropriate our way out of our problems, that we cannot work ourselves out of the type of economic crisis we now have by creating artificial demand and artificial employment. Many countries have tried it--and the results have been frightening.

But that is the kind of policy the Labor Party is now advocating, even so. It was asked directly in the finance debate if the country's biggest political party can really have the nerve to support such an irresponsible economic policy, for in the opposition ranks the Labor Party is doing the opposite of what the party felt was necessary when it was running the government. In the Harlem Brundtland government's long-range program for 1982-85, it was stated that a moderation of inflation was the prerequisite for secure and profitable jobs. Since the shift in government, the strategy has been totally changed. Now the party wants to pile on public spending, which would undoubtedly provide more jobs in the short term, but would quite soon set off a sharp new round of inflation, with more expensive goods and services and a substantial worsening of competitiveness. One could hardly take more effective steps, if the intention is to undermine the opportunities businesses have to safeguard employment.

It is this irresponsible opposition policy that the Labor Party is now advocating. The responsibility for this must be borne in particular by the party's present leader, Gro Harlem Brundtland, whose political opportunism is frightening in more than one respect.

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## HB'S ESNAOLA ON NEGOTIATING WITH ETA

Guipuzcoa EGIN in Spanish 16 Oct 82 p 31

[Article by Inaki Esnaola: "Negotiation With ETA"]

[Text] 1. In my opinion we could characterize negotiation between the central government and the ETA [Basque Fatherland and Liberty Group] organization as something which is absolutely necessary--absolutely necessary for Madrid and absolutely necessary for our people.

I believe that there are two ways to settle the overall "Basque" problem: the way of repression, or the way of negotiation; and I also believe that the central government has been politically extremely blind (not to mention chauvinistic) when between the two courses it chooses the practice of repression.

Negotiation is absolutely the right course, because, when it takes place, the long resistance struggle which the Basque people have been carrying on against the central government--to defend the rights they deserve as the nation that they are--will be clearly and completely recognized. In my opinion here is where the center of the problem lies, since Madrid opposes this plan viscerally (not politically) and does it by means of repression which becomes more brutal and continuous every day. When I speak of Madrid I am talking about the whole constitutional framework which sees to it that even in the Spanish Constitution itself, in article two, it speaks of the "indissoluble unity of the nation." In no other European country, naturally, does anyone have to worry about doing this, because everyone recognizes themselves as a citizen of the country they belong to. What is it then that leads all those Spanish parties to place such an affirmation in article two, and to defend it tooth and nail? It is very obvious that it is their own insecurity about the matter that they are defending; they themselves know that the thinking of our people is completely different from what they are trying to impose on it.

And this is why the resistance struggle in the Basque Country exists. Today it is efficiently channelled through numerous groups, and its spearhead is the ETA, which is, naturally, the group most feared by all the centralists; while the attacks of that organization are being levelled directly at them. But the ETA problem is important for centralism not

because ETA is the only group carrying on the armed struggle; but it is important and arouses fear because behind the ETA there stands a people (I should say a large sector of that people) which is struggling to achieve its objective of being a separate nation. In the carrying out of this long struggle it brought about the birth of the ETA, and upheld it through the years with important popular support, whether the powers that be and their hangers-on want to know it or not.

2. For this reason, because of which the ETA exists, and in which it sustains itself today, and because the ETA is the most destructive means of struggle utilized by that broad sector of the Basque people which is fighting for its goals, I believe that it is in fact a fit subject for negotiation. It is also a fit subject because the goals which it is defending are absolutely identical (naturally, they would have to be that way, because otherwise ETA could not exist) to those of a broad spectrum of the population which belongs to political organizations, or even of people who do not even belong to any party. Therefore it is a subject which concerns Madrid, because it is directly from there that the repression against our people and the denial of its most fundamental rights comes, and it therefore concerns ETA, as the strongest striking force in the whole process of struggle which is going on among our people. Moreover, in negotiating with it the Spanish state is, in my opinion, negotiating with the only valid spokesman, and the one which can guarantee the political stability of our people. Because of all this, the position of Herri Batasuna (Popular Unity) when it has been proposed as a mediator in that possible negotiation which is talked of so much has always seemed to me to be perfectly logical.

3. I believe that the topics which should be negotiated are within the reach of everyone, and are recognized by all our people. We are nationalists, and therefore we want a Basque Country for ourselves. The questions to be negotiated would naturally be all those relating to the constitution of a statute for the four provinces of the Southern Basque Country, including the right to self-determination and the right to create their own independent state, if our people want it that way. I believe that point takes in practically everything else, since along with the negotiation of that point, the one that the public order forces should be withdrawn from our territory would be proposed. We would then ourselves see to it (having the economic and political power for it) that Basque would be our language, and that the government which would result from that statute would be able to control the armed forces which were stationed in the Basque Country. Naturally, implicit in this would be an amnesty, which would mean the liberation of all Basque political prisoners. I believe that those are the main points, and I believe they are the points which some day will have to be discussed, and Madrid some day will have to deal with all this. To say and to maintain flatly that it will never be possible to negotiate with the ETA necessarily means defending the other course, that is, the course of repression which the central government is carrying on, and consequently being responsible for the violence which the lack of solutions is causing among our people today.

4. I believe that the ETA is prepared to begin proceedings publicly and unilaterally. This is not the case with the other side. It is a problem of will and democratic consistency which is preventing the Spanish state from recognizing the justice and inevitability of a political solution for the topic of the ETA and of revolutionary violence--at least up until now.

As attorney Juan Maria Bandres put it so well some time ago in an article which he wrote on "The Condition of Violence as a Political Reality," "in any case, any initiative which may lead to a lessening of violence ought to start from the place where its causes originated: the central power." Although regrettably for Mr. Bandres, this phrase is pure theory which contradicts the irresponsible tactics of his party, I consider it to be sensible and correct, pointing out the weak spot in a situation of inequality, where the warlike storm clouds of those who run the Spanish government are opposed to ETA's wish for political normalcy.

5. In principle it seems perfectly logical to me for the negotiations to be public, because we believe that our whole people would have a perfect right to know about what is being discussed at any time, and also to be able to participate in it in some way. I believe that everyone would agree on that, except, I think, the government, because they would think that secret negotiations could lead to the obtaining of "reductions," and also because the central government would think that sitting down to any public negotiations with ETA would definitely mean recognizing the Basque problem in all its harshness, and attempting to solve it. As of now, there does not appear to be a clear solution, but there is always hope that when the elections are over and there is a new government of a leftist type, the situation could change, since the question finally comes down to a simple change in relationship in forces, and if the minimum points for which the ETA is fighting should emerge strengthened from these elections, and if the party which takes over the central government has a real desire to carry out a socialist policy, it would have to be concluded that negotiation finally could be possible. Another thing is that the party which takes over the government may be socialist in name only, and also that it may be completely tied to powers which are the same ones who really rule the Spanish state.

6. I do not believe that there should be prior conditions, given the circumstances that exist in society which have been mentioned above. It seems to be (and in some ways I have already seen examples of its happening) that Madrid always imposes prior conditions, sending third party intermediaries who go to the ETA secretly and say that those meetings should not be disclosed to the public. Naturally the ETA's answer is always the same, and therefore they do not succeed in making contacts. I think that conditions will be demanded from the central government, and that a large amount of imagination, and political solidarity in particular, will be needed in order to finally sit down at a table and settle a problem which otherwise will go on for a very long time without any possibility of being solved.

7. In thinking about negotiation with the ETA one obvious thing must be taken into account: nothing positive can be obtained for the Basque Country within the framework of the current reform. The reform has not even adopted the 1979 Statute for the Basques itself, and so from that perspective it would appear to be impossible to think of negotiation with the ETA. But I also think that when they say there is no way out for the Basque problem, it must be realized that this reform has exhausted absolutely every political solution for establishing any of the foundations for autonomy proposed by the PNV [Basque Nationalist Party]. Everyone knows that even with that 1979 Statute fully developed the Basque Nationalist Party would have difficulty in achieving self-government in the Basque Country, since, although some measures might be taken toward decentralization in secondary matters, all the central matters which affect our people would be in the power of Madrid, because this is the way the Spanish constitution states it. That is, when I say that the reform has exhausted its possibilities, it is because today that reform does not offer valid solutions for solving the basic problems of the Basques. So the solution, logically, is either the one of repression, or of negotiation, and we who do not want to go on being cannon fodder, but who do want to build a Basque Country in democracy are betting on the second solution.

As regards the position of the PNV and the Basque Autonomous Government, I believe that although they sometimes have said that they are interested in beginning negotiations, their position really is one of defending the interests of the centralists, because if the Basque Nationalist Party were a real nationalist party, it would know that the Basque Country is the fatherland of the Basques, that those who fight for it to become this are brutally retaliated against and repressed, and that the leadership of the Basque Nationalist Party is doing nothing, politically speaking, to prevent all this, which means that today they are directly or indirectly playing the game of the central power.

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CSO: 3548/22



## RECENT ELECTION ANALYZED FOR REGIONAL POLITICAL TRENDS

Stockholm SVENSKA DAGBLADET in Swedish 17 Oct 82 p 9

[Article by Claes-Goran Kjellander]

[Text] The election had the effect of making the colors clearer in a number of places on Sweden's political map. Northern Sweden turned even redder than before, and the Conservatives made their biggest gains where they were already strongest.

The Center Party, on the other hand, held its positions best in a few of its weakest districts, and the Liberal Party suffered its greatest losses in its strongest areas.

Sweden's "average county" in this election was Kristianstad, where voters followed closely the pattern of gains and losses recorded by the parties nationwide.

The biggest deviations were in Jamtland County, where the Social Democrats and the Center Party made a relatively poor showing and the Liberal Party did relatively well.

The Social Democrats won the election even though the party's results in the big cities were a partial failure. Election analysts both inside and outside the parties who had said that support by big city voters was necessary if Olof Palme was to get back into power were therefore not entirely correct.

The Social Democratic gains were below the national average in three of the four big city constituencies.

#### Liberal Party Did Worst in Cities

The Liberal Party's results in the big cities were more uniform. The biggest setback was noted precisely in the four big city constituencies plus Goteborg och Bohus County. And the Conservatives made their definitely big gains in both of the Stockholm constituencies, while their increase was below average both in Goteborg Municipality and in Fyrstads-kretsen.

In absolute figures--that is, in terms of a percentage decrease or increase--the Social Democrats show the most uniform election results. The party's

# Nationwide Election Results 1982 Compared to 1979

<u>Conservatives</u>	<u>Social Democrats</u>	<u>Liberal Party</u>	<u>Center Party</u>	<u>VPK</u>
+3.20	+2.12	-4.74	-2.70	-0.07

## County-by-County Election Results Compared to 1979

<u>Constituency</u>	<u>Conservatives</u>	<u>Social Democrats</u>	<u>Liberal Party</u>	<u>Center Party</u>	<u>VPK</u>
Stockholm City	+4.75	+1.87	-5.76	-1.62	-0.31
Stockholm County	+5.29	+1.95	-6.15	-3.05	-0.62
Uppsala	+3.49	+2.08	-4.45	-3.10	-0.52
Sodermanland	+3.33	+1.70	-4.86	-2.40	+0.18
Ostergotland	+3.00	+1.38	-4.32	-2.25	+0.16
Jonkoping	+2.83	+2.63	-4.64	-5.24	-0.23
Kronoberg	+2.39	+2.79	-4.08	-4.21	+0.10
Kalmar	+2.11	+1.92	-3.25	-2.39	-0.18
Gotland	+2.07	+3.24	-3.64	-3.90	-0.47
Blekinge	+2.22	+2.66	-5.72	-0.90	+0.10
Kristianstad	+2.81	+2.16	-4.77	-2.34	+0.11
Fyrstads-kretsen	+2.63	+1.86	-5.90	-0.90	+0.07
Malmohus	+3.84	+1.83	-5.37	-2.06	+0.04
Halmstad	+3.75	+1.93	-4.42	-3.76	+0.22
Goteborg	+2.60	+2.93	-6.56	-2.94	+0.01
Bohus	+3.97	+2.75	-5.90	-3.39	+0.28
Northern Alvsborg	+3.36	+2.46	-4.64	-3.58	+0.23
Southern Alvsborg	+2.91	+2.05	-4.32	-2.78	+0.16
Skaraborg	+2.74	+2.98	-4.05	-3.56	-0.01
Varmland	+2.66	+2.43	-3.37	-3.37	-0.08
Orebro	+2.39	+2.68	-4.44	-3.12	+0.12
Vastmanland	+3.18	+1.73	-5.01	-2.15	+0.39
Kopparberg	+3.23	+2.21	-3.09	-4.19	-0.21
Gavleborg	+3.13	+1.84	-3.49	-3.57	-0.01
Vasternorrland	+1.63	+2.28	-2.78	-2.76	-0.13
Jamtland	+2.81	+1.29	-2.35	-3.69	+0.12
Vasterbotten	+2.04	+2.61	-4.77	-1.89	+0.10
Norrbotten	+1.42	+3.26	-2.84	-2.34	+0.04

biggest gain occurred in what was already its strongest district--Norrbotten--where it was up by 3.24 percent, giving the party 58.80 percent of the vote.

Over 70 percent voted for the Social Democrats or for one of the two Communist parties (the VPK [Left Party-Communists] or the APK [Workers Communist Party]).

The increase for the Social Democrats was almost as great in Gotland, while in Goteborg Municipality and Skaraborg County, it was just under 3 percent. The national average was an increase of 2.12 percent.

The party's smallest increase--1.29 percent--was in Jamtland, and the second lowest was in Ostergotland.

Overall, it can be said that the party made its biggest gains in western Gotaland (where the 1979 election results were a big disappointment for the Social Democrats) and in upper Norrland.

#### Conservatives Did Best in Stockholm

The Conservative Party's huge gains in both of the Stockholm constituencies had as their corollary the fact that no fewer than 19 constituencies showed an increase below the national average of 3.20 percent. The increase in Stockholm County was 5.29 percent, and in Stockholm City it was 4.75 percent. Goteborg och Bohus, Halland, and Malmohus Counties also gave the Conservatives big increases.

The Norrland constituencies, Gotland, and southeastern Gotaland showed the smallest increases. The spread between the Conservative Party's best constituency (Stockholm County) and its worst (Norrbotten) is now no less than 22 percent.

The Center Party is down in all constituencies--with its biggest loss in Jonkoping County (5.24 percent) and its smallest loss in Fyrstadskretsen and Blekinge (0.90 percent). The interesting thing is that the Center Party suffered such a moderate setback in the three big city constituencies where it was being predicted as late as early last summer that it would be obliterated.

Nationally, the Center Party dropped by 2.70 percent, but in the three big city constituencies, as well as in Vasterbotten, its losses were much smaller.

#### VPK Down in Uppsala

Nearly all of the VPK's losses can be blamed on three of the party's strongest constituencies--the two Stockholm districts and Uppsala. Otherwise, the party showed very little change in comparison with 1979. In most cases, there was an increase of one- or two-tenths of a percent. The biggest increase--0.39 percent--occurred in Vastmanland.

So where are the parties strongest? The Conservatives are quite clearly strongest in the two Stockholm constituencies, where more than one voter out of three voted for them. More than one voter out of four is a Conservative in the three Skane constituencies, Halland, Goteborg Municipality, and Goteborg och Bohus County.

The Center Party's greatest stronghold is Gotland, where it has just over 27 percent of the vote. Gotland is followed by Kronoberg, Halland, Skaraborg, and Jamtland Counties.

#### Under 10 Percent

The Liberal Party now has less than 10 percent of the vote in all constituencies. Its best constituencies are still in western Sweden--in Goteborg Municipality, Goteborg och Bohus County, and northern Alvsborg. Vasterbotten is also clearly above the national average.

The Social Democrats now have over 50 percent of the vote in 10 counties: Norrbotten, Gavleborg, Vasternorrland, Sodermanland, Blekinge, Vastmanland, Orebro, Jamtland, Varmland, and Kopparberg.

The VPK's strongest area is clearly Norrbotten, where the party has over 10 percent. The VPK has over 6 percent in Gavleborg, Stockholm, and Uppsala Counties.

The Conservatives are clearly at their weakest in the five Norrland constituencies, and the Center Party is weakest in the four big city constituencies. The Liberal Party is below 4 percent in Norrbotten, Jamtland, Vasternorrland, and Kalmar Counties.

The Social Democrats have less than 40 percent in both of the Stockholm constituencies and in Halland and Skaraborg Counties. The VPK is weakest in Skane and Smaland, with 1.77 percent in Malmohus County as its lowest score.

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CSO: 3650/23

## BAYKAL GIVES SOUR APPRAISAL OF NATIONAL POLICY

Istanbul HURRIYET in Turkish 18 Oct 82 p 12

[Text] Ankara--Deniz Baykal, a former minister of finance and energy from the banned Republican People's Party, criticized the draft constitution to be submitted to a referendum on 7 November and said: "This draft has been written without any regard to the principles of even the classic democracies of the 19th century, let alone the contemporary democracies." In a statement to the Turkish News Agency, Baykal said that in modern democracies citizens are actively involved in the formation of their governments and all segments of the society are accorded the means to organize themselves in a manner to pursue their own interests and have absolute freedom of expression.

In a general evaluation of the draft constitution, Baykal said:

"In an effort to limit the effectiveness of the national will, a lengthy and complex constitution has been drafted. For instance, certain clauses have been introduced to limit the scope of authority of the legislative organ. This shows the diffidence and the mistrust of the constitution about the legislative organ. The government machinery that will be built under these conditions may cause many problems. Because the form of government envisioned by the constitution contains elements from two different systems. The president has been given far-reaching powers. The Honorable Aldikacti [Chairman of the Constitutional Commission of the Consultative Assembly] said in response to a question on this issue that the executive branch must not be accountable to the parliament and that it must be, and I quote, 'accountable to the president.' This arrangement between the legislative and executive branches runs counter to our constitutional traditions. Such an arrangement breaks the government away from the parliament and, consequently, from the national will. The concept of a grass-roots government is being replaced by a top-heavy regime. The roots of this government will remain exposed like those of a mangrove tree. This constitution has structural errors. The envisioned structure cannot carry the real load; the envisioned balance falls outside the national will."

## Freedom of Press

Claiming that certain fundamental concepts in freedom of the press have lost their meaning, Baykal said that nobody can foretell how restrictions in press freedom will work. He said:

"The drawbacks in this area are not restricted to certain segments of the press as is often said but affect all press institutions. No one knows who will be victimized next and when. It is not hard to predict the effects of confiscation of publications, prevention of their dissemination, closure of presses and suspension of papers on everyday life. Such a situation may completely destroy the effectiveness of the press. Fear in newsreporting may bring about a network of informants. In the final analysis, one may say that the draft constitution virtually eliminates freedom of the press.

"The draft constitution has also brought major restrictions on union freedoms. For example, certain clauses in the draft ban unions from supporting political parties. The unions, on the other hand, are essentially political institutions which enhance the pluralist character of the democratic process. Such arrangements cannot be found even in the classic democratic mechanisms of the 19th century."

#### State of Emergency

Noting that clauses about states of emergency bring radical changes to traditional guarantees for the constitution, Baykal said that in a state of emergency all rights and freedoms can be suspended except the five basic human rights mentioned in Article 15. Baykal expressed the hope that circumstances allowing for the declaration of a state of emergency will be more clearly defined.

#### International Balance, NATO, Presidential Powers

Stating that in the last few months important developments have been taking place within the Western defense system, Baykal said that new arrangements are being sought to bridge the defense gap in the Persian Gulf region. Baykal said:

"Many NATO countries oppose the expansion of NATO's area of defense responsibility. Consequently, a strategy is being formulated to utilize the resources of the countries of the region. Therefore, 'concessionary' agreements which will allow the construction in Turkey of 10 new military airports equipped with the most modern communications gear, proposals to transfer the NATO headquarters from Brussels to Turkey and the recently increased security personnel traffic must be evaluated in the light of these developments.

"These developments have brought Turkey to a critical position which promises new possibilities and portends new dangers. We are confident that these new possibilities will be evaluated within the framework of the republic's foreign policy and defense traditions while efforts are made to minimize the dangers.

"But giving the president the authority to use the armed forces for defense purposes without consulting with anybody or without being accountable to anybody --a break with 60 years of constitutional practice--does not seem appropriate at this point in time. A nation which has had the terrible experience of World War I must preserve in its constitution an arrangement which will deter ambitions for new conspiracies."



## Politicization of Army

Baykal alleged that the election of the Chief of the General Staff as president before he walked out of his uniform opens the door to the politicization of the army. Baykal also referred to the drawbacks of this arrangement which is spelled out by some of the provisional articles of the draft constitution. Stressing that in a country looking for stability there will always be the danger of making this interim arrangement permanent, Baykal said that whereas objections have been raised to the involvement of associations and unions in politics the army is being encouraged to enter politics. Baykal continued:

"This break with a 60-year tradition is creating a contradictory situation. Having a powerful president as opposed to a largely ceremonial and symbolic head of state and the possibility that the president can directly intervene in government affairs will place the president in the middle of controversy, and this will hurt the president as well as the armed forces."

## Election law

Baykal said the following about the election law:

"Now the draft constitution is on the agenda and it will remain there until 7 November. I object to the efforts of two Consultative Assembly members to form an early favorable public opinion for a proposal on an electoral system. This proposal totally ignores our historical experience with electoral systems and is aimed at solving our problems in a piecemeal manner. This is an amateurish ambition. In the end, all the drawbacks of the majority representation and proportional representation systems will have been combined. If such a system is implemented in Turkey we will confront new problems. I believe that the most reasonable approach would be to try to solve the problems starting from the latest electoral system."

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CSO: 3554/34

## EUROPEAN, TURKISH TIES TO PAN-NATIONAL BODIES EYED

Istanbul GUNAYDIN in Turkish 10 Oct 82 p 7

[Article by former ambassador Nuri Eren: "Europeans Satisfied with NATO, EEC"]

[Text] With the shift of our political and economic interests toward the Middle East and the tumult of current events in Arab countries, our national attention has turned to the Southeast.

This shift is so sharp that it has begun to threaten the Westernization trend of the Anatolian Turk which began with the Caldiran campaign and was completed with Ataturk's reforms.

The improper and illogical actions the European Council has taken against Turkey in the past 2 years has naturally shifted the emotional sympathies of our people from the West to the Southeast. This shift may cause undesirable distortions in the public mind; it may initiate a break between Turkey and the West.

## Turkey Is Part of the West

Today, Turkey, with its political, economic and cultural structure, is part of the West. Its hopes for the future depend on the development of these ties. The EEC, in particular, after the inclusion of Greece as a full member, has gained additional importance for Turkey.

Press news, because of their emphasis on current events, do not provide concise and concrete information about the position of Western Europe in the world and vis a vis Turkey.

In this article we will partially remedy this situation--where we see deficiencies in terms of the discussion of Turkey's domestic and foreign affairs--and we will give some information about the state of the EEC.

## European Council and NATO

What does the European Community represent? World War II ended the German hegemony over Europe, but Germany was replaced by the Soviet Union which weighed even heavier in terms of population, natural resources, geography and ideology. In 1948, Western Europe formed the European Council against this threat thanks to the efforts of France in particular.

At that time Turkey joined the Council on its own initiative. This trend toward unification eventually turned into the North Atlantic Treaty Organization, which we now know as NATO. Turkey joined this defense organization also on its own initiative. Feeling the need to complement political unity with economic cooperation, the European countries formed the European Economic Community, which we know as the Common Market.

#### Customs Barriers

The goal of the EEC was to develop the economy of Western Europe by eliminating customs barriers. Political unity would thus be combined with economic unity.

Turkey and Greece did not join the EEC because they were not in a position to compete with the agriculture and industry of Europe. But when it was understood that economic unity formed the basis of political unity both countries joined the Community as associate members under special terms.

Both NATO and the EEC have played important roles in the recent history of Western Europe. While NATO preserved the peace in Western Europe, the EEC was instrumental in an unprecedented development and growth period in the national economies of Western Europe. But despite the gains of the past 20 years, today there are deep divisions and rivalries within both NATO and the EEC.

#### Differences on Defense

NATO has been divided into two over preparation for defense. Some European countries have refused to base on their soil the new nuclear missiles the United States has proposed to counter the new Soviet missiles in Europe. Even more ominous is the fact that the issue has gone beyond being a dispute among various governments and has begun to threaten the stability of governments in some European countries. Furthermore, the FRG, the closest U.S. ally, has the biggest differences with the United States over relations with the Soviet Union. Within the EEC, the allies are almost at each other's throat over issues concerning agricultural subsidies, the membership of Spain and Portugal and special terms demanded by Greece.

For example, the French have stopped Italian trucks like gangsters and have poured their load of wine on the road.

#### What Do People Think?

In the face of this situation, all EEC governments have been curious about the ideas of all segments of their populations.

Our position within the NATO alliance and our attitude toward the EEC have always been important issues for Turkey. Consequently, knowing what the people of Western Europe think about these issues would be interesting and enlightening for us.

The main and first question on the questionnaire circulated was: Do you find the membership of your country in the EEC beneficial? An overall average of 53 percent answered "yes" to this question. Only 14 percent outrightly opposed their country's membership in the EEC. The rest were indifferent about the issue. A majority of

the respondents in Britain and Greece opposed membership in the EEC. In Britain only 41 percent were for membership, while in Greece only 38 percent answered "yes".

#### Contribution to Democracy

Answers to the question "What do you expect from the Community?" focused on two general issues: political and economic. On the political issue, the majority of the respondents agreed that the EEC, in conjunction with NATO, reduced the threat of war, increased Europe's influence in international politics and gave Europe an advantage over the Soviet Union in relations with the Third World. Respondents from countries with shady democratic pasts, such as Italy, the FRG and Greece, claimed that the Community reinforced democracy. In these three countries, 70 percent of the respondents agreed that the Community helped democracy.

Most of the respondents were pessimistic in their answers to the question "What do you expect in the future?" Around 50 percent expressed concern about the possibility of war arising from various international disputes; 56 percent said that they expect the economic situation to deteriorate.

There was a variety of answers from various countries to the question "Are you satisfied with the democratic process?" For instance, in the FRG 74 percent answered "yes" while in Italy only 19 percent responded favorably. Replying to the question "Would you prefer to overthrow those you do not like by a revolution, or would you change unpopular governments through a reform process?" 62 percent rejected revolution and preferred reform. An average of only 7 percent expressed preference for revolution, though in Greece that figure was as high as 9 percent. It was understood that those who preferred revolution meant leftist revolution.

#### Situation in Turkey

Answers given to questions about current issues in our country also seem to be based on common sense. Eighty-six percent favor heavier penalties against terrorists, 58 percent favor development of nuclear energy, 77 percent favor a more equitable distribution of wealth and 53 percent favor increased military strength. The majority opposed increased nationalization.

One of the interesting aspects of the results of these questionnaires is that the young generation is more positive and more hopeful about unity. The young generation was also more strongly inclined toward reform as opposed to revolution.

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CSO: 3554/34

## AREA-DEFENSE MISSILE SYSTEM SOON COMBAT READY

Helsinki UUSI SUOMI in Finnish 4 Oct 82 p 5

/Article by Markus Peura: "The Missiles in Hyryla Interest Foreign Countries, Too. The Area-Defense Missile Is a National Secret" /

/Text/ The area-defense missiles can be seen in Hyryla, but they are rarely discussed, at least in public. The information that is given is done with careful consideration and excessive curiosity is tactfully rebuffed.

The missile guards keep quiet about the details. The missiles are confidential and secret as far as the public is concerned. They are multicolored, shiny national secrets.

The interest in Soviet missiles is great abroad. Finland is the only Western European country that chose this type, and it has raised curiosity. Now the search for information is going on in public and in secret.

But there is something the men from Hyryla do reveal. The three years of study have progressed with a record speed. Now the readiness for action is being discussed in Hyryla. As the speed increased, so did the hunger, too. The daily military wish is to get more of these slender, shiny missiles.

However, there is no operational readiness, yet.

During the late 70's, when Finland purchased the It-79 (the Anti-aircraft Defense-79) area-defense missile system from the Soviet Union, it was considered solely as a political purchase. The commander of the missile battery, Lieutenant-Colonel Arvo Hamalainen, who has been involved with the project for several years, denies these claims. First of all, when the choice between the different alternatives was made, military specialists were listened to, and their opinions also weighed. Secondly, the acquired system has fulfilled all original expectations and fulfilled claims regarding its performance. The missiles are modern, and the same system is also used in the country of origin.

In other Western European countries this purchase created great interest. The curiosity has been so strong that some have wanted to observe the

battery's maneuvers. According to Mr. Hamalainen, it is obvious that other outsiders are also interested in the missiles. It is true that the world knows about them, but detailed information is desired.

#### No One Man Knows Very Much

The system is so complicated that any one man involved with it cannot know much about it. Theoretically one person could, but in practice it is otherwise. Furthermore, it is not wise to limit the knowledge to a few people, if the aim is that of assuring the highest possible operational result.

It requires about a year and a half for a man to completely learn all aspects of one part of the total weapons system. Consequently, the knowledge received by the soldiers is somewhat limited. However, partial mastering is obtained, which is the purpose of the training.

When Hamalainen is asked how many people in our country are in the know and just how much they do know, he answers by merely shrugging his shoulders. Ten, twenty or more? The top-secret information, in other words, the number, is held by politicians, the Army Headquarters, and a couple of men in Hyryla. The knowledge of technology is spread somewhat wider. Future decisions, however, will make the circle smaller again.

Hamalainen characterizes the acquired It-79 system, half jokingly, as a one-man system. This is because he believes that the system successfully fulfills its own requirements as well as those of several others.

The It-79 system complements the It-78 system and the target-defense missiles, which the Army hopes to get and assures an operating range up to 20 kilometers from ground level for the anti-aircraft defense. In addition to Hyryla, the It-79 is available in a couple of other garrisons. Since the other systems are, as far as mobility is concerned, more flexible than the It-79, the situation is satisfactory, according to Hamalainen. He thinks it is unnecessary to use a shotgun to kill a mouse.

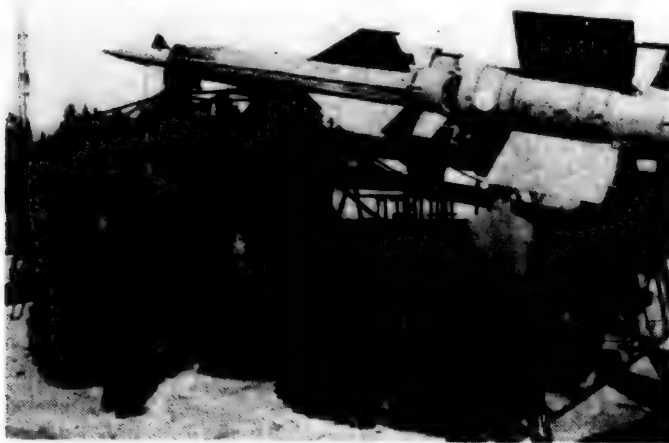
#### Training Exceeded Expectations

Captain Antti Iivonen, chief of the third battery, does not hide his satisfaction, as far as the training is concerned. It has successfully exceeded all expectations, and the program is now, in a way, running ahead of schedule. According to Iivonen, it has, once again, been proven how excellent a Finn is as training material, if he only can be motivated to squeeze results out of himself.

The Army would like to recruit additional specialists in electricity and electronics to the permanent staff from the civilian population.



1. p. 3. Training for the area-defense missiles has progressed with record speed. Hyryla garrison is already prepared for action.



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CSO: 3617/9

## BRIEFS

MINISTER DISCUSSES WEAPONS--Defense Minister Jussi Saukkonen (Center Party) thinks that although the theoretical threshold to use nuclear weapons has become lower, it has not eliminated the importance of conventional defense. At the national defense convention of Varsinais-Suomi, held in Kaarina last Sunday, Mr Saukkonen said that even the super powers are increasing their resources more and more within the traditional mode of defense, and that "a decrease in the credibility of a nuclear threat has caused a clear strengthening of this trend". According to the Defense Minister, Finland does not even have a theoretical possibility to get prepared to enter a nuclear war. "No one has a proper defense capability against nuclear weapons, therefore, even the thought that this would be expected from the Finnish Army is impossible. However, we have to get ready to protect our population against radioactive fallout as well as other remote effects, and this can be achieved by taking rational measures for civil defense," stated the Minister. /Text/ /Helsinki UUSI SUOMI in Finnish 4 Oct 82 p 3/ 12190

CSO: 3617/9

## SUMMARY OF 1983 MILITARY BUDGET PROPOSAL

The Hague LEGERKOERIER in Dutch Oct 82 pp 10-15

[Report: "Memorandum of Explanation on the 1983 Defense Budget"; items in slant-lines printed in italics.]

[Text] On the 3rd Tuesday in September, the opening day of the new session of the Second Chamber of the States General, the defense budget -- this time for the year 1983 -- and the Memorandum of Explanation accompanying it, have once again been submitted. Some quotes and summaries follow on this and the following pages.

## Manageable Financial Premises

In the Introduction of the Memorandum an explanation is given on the 10-year plan -- to be embodied in a Defense Note -- which the previous cabinet was planning to draw up. The 1983 budget would have formed the first phase of that plan. Although the currently submitted budget is not of that nature, according to (outgoing) Minister Mr H.A.F.M.O. van Mierlo and Secretary of State (for Defense) J. van Houwelingen, it can "not be seen entirely separate from the planning process which had made considerable progress within Defense on behalf of the Defense note, and it is being continued in order to furnish the next cabinet with as many building blocks as possible for a new defense plan." Therefore it is deemed useful to explain the premises which were the basis of the drafting of a new 10-year plan, as well as the avenues which stand out in the drafting of the defense note.

"The current defense plan was, amongst other factors, based on an annual real growth of defense expenditures of 3 percent, as agreed upon in NATO," according to the Memorandum, "but in practice the growth halted in the past few years at an average of about 1½ percent." In the past 4 years that arrears ran up to 1½ billion guilders. That led to such drastic interventions in investments and in operating costs that the task performance of the military force as we know it now would be seriously threatened if the situation continues that way. If the plans and the real financial growth continue to deviate in the same manner, a deficit of approximately 7 billion guilders would arise for the materialization of the existing plans. Even if the budget for Defense continued to be based on a real growth of 3 percent, this arrears could not be overtaken by a long way.

From the calculations made by Defense, it becomes irrefutably clear that in order to reverse that trend, the financial level for Defense ought to be higher in the coming years than is provided for now. However, in the economic climate in which we will undoubtedly remain for a considerable period of time that appears not to be a very realistic approach. If one continues with ad hoc measures, with shifting and postponing in the hope of better times, the matter will flounder and there will be a military force which no longer can cope with its task.

Whatever financial level will come into being in the coming years, what is fatal for any long-term planning -- and that of Defense is such by definition -- is an accumulation of incidental cutbacks which will have a structural influence in later years. That undermines the entire structure of long-term contracts and agreements and promises made in the alliance. With that in mind, more certainty must be offered for the basically just financing method developed in the 1974 Defense note.

During the preparations of the Defense note various models of growth have been developed. However, they did not have as a starting point the 1982 financial level as provided for in 1978 when 3 percent growth was decided on, but rather the considerably lower level which had meanwhile been reached in 1982.

That fact alone already demands structural interventions. The premise embodied in the 1974 Defense note that quality is more important than quantity will have to remain the guiding factor in further research. The reductions of the past years not only have an unfavorable influence on the investment programs, but also put a disproportionately large burden on operations.

In order to fit the military force into the expected financial framework, the following, amongst others, should be considered in the preparation of the Defense note:

--In the Royal Army, in the framework of the LTDP [expansion unknown] great emphasis will have to be placed upon measures in the framework of the reaction time of the First Army Corps. Fire support will have to be reorganized. Plans in the area of anti-tank combat means, in particular that for the anti-tank helicopter and those in preparation of electronic warfare, would also have to be reconsidered again.

Most of the proposals which are now being made in the submission of the 1983 budget do not foresee any decisions of the above-mentioned nature. These or other structural measures ought to be dealt with by a subsequent cabinet in drafting the Defense note.

It is considered, namely, that "in the current circumstances, structural measures should not be taken which would leave a new cabinet too little room for its own policy. The measures which are proposed and which continue to be in effect in later years concern the rejection of obsolete arms systems which are expensive to operate -- and which in any event would have to be replaced in a short time -- and the streamlining of the organization of the military force."

The thesis is that "a balanced budget has come into being which provides a manageable financial premise for a policy which is to be further developed."

These measures involve, amongst others:

--the very obsolete shallow-water minesweepers of the Van Straelen category which will be taken out of service due to profit considerations. The personnel involved (about 100) will be employed elsewhere in the organization;

--submarines. The construction of the two submarines of the Walrus category is currently proceeding according to plan. The test run of the first ship is still expected for mid-1985. The oldest of the three-cylinder ships series, the over 20 years old HMS Dolphin, will be put in reserve. The "mid-life" modernization of the Zwaardvis and Tijgerhaai submarines will be postponed;

--the elimination of two combat-ready and one mobilizable division of obsolete anti-aircraft artillery of the type 40L70. This elimination is justified because it is related to the introduction of a modern light air defense system of the Stinger type;

--the early replacement of the very obsolete Niko anti-aircraft system by the modern conventional Patriot system. Therefore it is considered both necessary and justified to eliminate already in 1983 a squadron of nuclear Nikes;

--limiting the capacity of the Eindhoven airbase.

#### Financing

The defense expenditures for 1983 are estimated at 12.662 million guilders. With respect to 1982 that means a real growth (over that as a result of inflation) of 2 percent. In the current economic situation, the NATO-agreed goal of a 3 percent growth for next year cannot be materialized. Although in the estimates for subsequent years the 3 percent was taken as a starting point in the technical sense, a new government will have to make political decisions on that.

The amount of over 12.6 billion in defense expenditures for next year came into being as follows. The budget for 1982 was first increased by a true 3 percent. The amount thus arrived at of over \$12.4 billion was subsequently decreased in two ways: first, by the effect in 1983 of economization measures taken already in 1982, and then once again by new economizations for 1983. Altogether that is an amount of 220 million guilders. The remaining amount of over 2.2 billion guilders was then again increased by almost 400 million guilders, consisting of compensation for price increases, adjustment of pensions and unemployment pay, etc.

The distribution of the 12.6 billion guilders over the various divisions of the military force and the department [of defense] presents the following picture in rounded figures:

Department and general expenditures	912,200,000
Retirements, unemployment pay and benefits	1,262,000,000
Royal Navy	2,442,900,000
Royal Army	5,345,200,000
Royal Air Force	2,462,448,000
Royal Military Police	224,500,000
Civil Defense Preparations	27,500,000

#### International and Arms Control Aspects

MBFR. The West has submitted a new proposal in the MBFR negotiations in Vienna. That proposal includes the attainment of joint ceilings of 900,000 for land- and air forces together and 700,000 for the land forces alone via a gradual decrease of the existing numbers. In addition, accompanying measures are necessary, and all countries participating in the negotiations will furnish a considerable share in the troops reduction. This is an attempt to inspire new life in the MBFR negotiations. These negotiations on decreasing the conventional armed forces in Europe have been taking place since 1973, but have not yielded any results until now, in particular because of the lack of agreement on the strength numbers of the Warsaw Pact.

#### UNIFIL/MFO

The government has great praise for the efforts made by the Dutch military in the framework of UNIFIL [United Nations Interim Force in Lebanon]. That is especially true now that the functioning of UNIFIL is being hampered through the Israeli invasion in Lebanon. UNIFIL is discharging its obligations with respect to the tasks given to it by the Security Council as well as possible. After deliberation with the Permanent Commission for Foreign Affairs and Defense, the Government on 18 August agreed to the Dutch battalion's participation in UNIFIL until the end of the current mandate period. That mandate period ends on 18 October, and prior to that the government hopes to have received clarification on the further future of UNIFIL and the Dutch participation in it. Apart from the United Nations context, the Netherlands, through participation in the multinational peace force in the SINAI (MFO) hopes to furnish a contribution to the promoting of a just, lasting and comprehensive peace settlement in the Middle East.

#### Nuclear Armament

The cabinet, outgoing at the submission of this budget, took over the premises for the policy with respect to the Netherlands' nuclear tasks from the previous cabinet . . . .

Security policy, and the defense policy derived from that, is indivisible. Whether it is a matter of conventional versus nuclear armament, or of separate nuclear tasks, participation in the joint allied defense forms one entity. The Dutch nuclear arm tasks therefore cannot be dealt with separately, but only in their context, both nationally and internationally. In that respect it can be decided on the basis of policy alternatives in which way justice is done to that context.



## Royal Army

The core of the First Army Corps is formed by the maneuver units consisting mainly of tanks and armored infantry. The combat strength of these units is considerably increased by the arrival of new tanks and armored vehicles. The anti-tank defense is improved by the practically completed introduction of the Tow and Dragon weapon systems. However, there is still an insufficient number of anti-tank mine systems.

These deficiencies will be partly eliminated in 1983 through the introduction of new mines and mine laying equipment.

Because of the introduction of technical aids, the units of the Warsaw Pact are continually better able to fight during poor visibility. This forces counter-measures. The Leopard-2 is therefore being equipped with modern night vision aids. This apparatus is being developed for the current Leopard-1 tanks and part of the armored infantry vehicles.

The anti-aircraft artillery of the First Army Corps will be reorganized. Two combat-ready divisions of light lua and a mobilizable division will be eliminated because particularly the L4/5 radar of these divisions is so obsolete that the units are no longer entirely suited to their task. In order to make the best possible use of the remaining anti-aircraft devices of the army corps, the 35 mm armored anti-aircraft artillery batteries incorporated with the brigades will be united into three divisions. For the time being three mobilizable divisions of light lua will still be maintained for tasks of a more static nature in the rear area of the army corps. Through this reorganization, 75 million guilders can be saved in the period 1983 through 1986, of which approximately 15 million in 1983. Those moneys are destined for the introduction into the army corps of portable anti-aircraft arms of the Stinger type.

The reorganization and introduction of complementary air defense weapons are the first step in the essential improvement of the air defense of the army corps. Next year the reorganization of some engineering units will be initiated. In the short term it will be considered whether through structural changes of the infantry and cavalry units economizations can be achieved while maintaining --and if possible-- improving combat strength. The fire support to the maneuver units has been and will be improved in several areas. Guns with a greater caliber and longer range are now being introduced to replace the old AMX guns. The precision of the fire support is increased by equipping the advance observers with laser range finders for the tracking of enemy mortars and very forward-positioned enemy artillery.

The financial situation forces the abandonment for a long period of the replacing of 155mm rifled guns which are obsolete in a tactical respect.

The measures for decreasing the reaction time of the army corps also remain of great importance under the current financial circumstances. Because of financial and personal reasons, the preference of the NATO military leadership to station a second Dutch brigade at full strength in the Federal Republic of Germany has not been carried out. After deliberation with the NATO military authorities, it was instead decided 3 years ago to have a series of measures

which benefit the reaction time of the army corps as a whole. As part of that, in the next budget year the existing strength of the brigade stationed in the Federal Republic of Germany will increase by making the short-leave squadron of one tank battalion combat-ready. Also carried out will be the first infrastructural provisions necessary for making combat-ready the short-leave squadron of a second battalion and provisions for the faster distribution of the materiel stored for the short-leave units of this brigade. The construction of the forward storage sites, of great importance to the logistic support of the army corps, is being continued. In 1983 the third depot will have been entirely completed and construction of a fourth one will have been started. Just as in this year, in 1983 the purchase of flatcars for rapid transport of materiel will be postponed.

In spite of all the improvements in the equipment of the army, there continue to be deficiencies with operational consequences. Thus one must temporarily relinquish the purchase of long range radar apparatus for the tracking of enemy artillery and night visibility aids for the Tow and Dragon anti-tank arms. The adaptation of armored vehicles for the observers must also be postponed, as well as the purchase of shrapnel mines and driving simulators. The Alouette-III helicopters will stay in service longer than was intended. In view of the equipment of these machines, the observation power above an area of operation remains limited because of that.

The coming year there will be no money available either for the establishment of a separate unit for electronic warfare.

In the introduction of new arms systems there are logistic problems. The insertion capability of some arms systems leaves something to be desired here and there. The cause is the learning period which is unavoidably connected with the introduction of new systems with respect to the problems of new materiel, supply of spare parts and technical experience of the personnel. Steps have been taken to counter these problems. Thus so-called insertion-advise teams have been formed within the army corps which advise the commanders of units on the maintenance and use of the materiel. Procedures for requesting the necessary spare parts for lower units will be simplified. The central supply management system will be improved. Special attention will be given to the training of users of the materiel and of technical personnel. The influx of electronic testing equipment will simplify the upkeep.

#### Royal Military Police

The military police can only fulfill its tasks well if there is a balance between the workload related to the tasks and the means available for carrying them out. Although also in 1983 the tasks package of the military police remains unchanged, actual situations have led to an increase of the workload. Because of too few personnel, certain activities cannot be carried out as intensively, in particular the police-patrol routine. Within the framework of the financial possibilities, however, the lack of personnel cannot be eliminated for the time being. Also in 1983 less personnel will be given training than is necessary on the basis of need.

## The Materiel Policy

### Ammunition and Spare Parts Policy

The acquisition of modern types of ammunition sometimes does not keep pace with the acquisition of new arms systems. Moreover, supplies of ammunition types of better quality, such as ammunition to better fight modern tanks, are being expanded more slowly than was expected, amongst other reasons because affiliation was sought with European production and because the development of some types of ammunition goes so fast that it is difficult to choose the right moment to order.

Considerable deficiencies exist in guided weapons for the navy, anti-tank and artillery ammunition for the army and for anti-aircraft missiles for the air force. It is a structural problem. The plans for the coming years will have to be drawn up in such a way that adequate financial room will exist for the acquisition of the ammunition which accompanies a weapon system. It makes no sense to equip an armed force with modern arms systems if they cannot be utilized or can be utilized only in a limited manner because of the lack of essential components. This is true not only for ammunition but also for spare parts.

Thought on structural measures will be needed for the coming years not only for ammunition but also for spare parts. The spare parts situation is a cause for concern and ought to be rapidly improved. An investigation will be started shortly which will look into how the situation should be improved.

### Materiel Plans for Royal Army

#### Materiel for Maneuver Units

The furnishing of Leopard-2 tanks will be continued according to plan in 1983. Improvement of the armoring and building-in of fire control equipment in the Leopard-I will be started still in 1982. The last armored vehicles of the 765-type, which were ordered in 1980, will be supplied during the first half of 1983. The YP-408 replacement project, for which 841 armored vehicles of the YPR-765 type were ordered in 1981 from national industry, is proceeding according to schedule. In 1982 another part of the materiel accompanying this project will be ordered. The remaining materiel will be ordered in 1983 and 1984, depending upon the supply- and implementation schedule.

/Anti-tank equipment/ In 1983 the remaining part of the YPR-765 armored vehicles with Tow arms systems, ordered in 1980, will be supplied.

The anti-tank mines ordered in 1980, to be placed mechanically, are being supplied from 1982 onward. Their supply and that of the mine layers accompanying them will be completed in 1983.

/Fire support means./ In 1981 the supply of mechanized M109 A2 155mm howitzers, ordered in 1979, was started. They are replacing the obsolete AMX 105 mm howitzers. Their introduction in the First Army Corps will be continued in 1983 and completed in 1984. Also supplied in 1983 will be the mechanized M110 A2 203 mm howitzers replacing the MM115 203 mm towed howitzers. The laser range finders for artillery and mortar observers, supplied in 1982, will be introduced in the

First Army Corps in 1983. In that year the replacement of the obsolete targeting apparatus of the FADAC type for artillery units will be completed; now the replacement apparatus can be acquired and tested.

/Air Defense Means./ An initial quantity of portable air defense arms of the Stinger type will be ordered still in this calendar year.

/Means of Command and Communication./ In 1982 supplementary orders have been made for FM radio apparatus and portable phones. Moreover, part of the apparatus ordered in 1980 and 1981 has been received. In 1982 the studies made in cooperation with the national industry will be completed, as well as the preparatory development of apparatus for the further automation of the communication system of the First Army Corps. The latter will be continued in 1983.

/Engineering Materiel./ In 1983 the supply of engineering tanks and bridge-laying tanks (with the matching bridges), ordered in 1980, will be completed. The bridge-laying tanks, introduced already earlier with the Leopard-1, and the bridges accompanying those will be adapted in 1983 in such a manner that all bridges will be standardized types. The supply of the folding bridge will be completed in 1983, as well as the ships accompanying it, models of which will be tested in 1982 and 1983 and then ordered. Their supply will start in 1984. Replacement of the obsolete pneumatic hand tools of the engineering corps, started in 1982, will continue in 1983.

/NBC [Nuclear, Biological, Chemical] Materiel./ The protective clothing of the First Army Corps and the units of the national sector is being acquired in phases. In 1980 and 1981 orders were placed. A further order will be placed after 1983.

/Battlefield-monitoring and Target-tracking Equipment./ The mortar-tracking radars, ordered in 1979, will not be supplied until 1983 due to problems of the supplier.

/Apparatus for Night Combat and in Circumstances of Reduced Visibility./ The obsolete active anfra-red apparatus for light infantry arms will be replaced by apparatus to be ordered in 1983 which is based on the technique of clarity intensification. The intention is to make further development contracts in 1982 in order to decide on the placing of orders of heat image apparatus for the YPR-765 and Leopard-1. Dutch industry will be utilized here.

/Materiel for Logistic Support./ The supply of 40kN trucks and Landrovers will be completed in 1982. In 1983 a great part of the motor vehicles will be supplied, and the rest will follow in 1984. The supply of the heavy wheeled vehicles (tractors, trucks and dump carts) ordered in 1981 will start in 1983 and continue through May 1985. Ordering of the trailers accompanying the tractors has been planned for 1983; delivery starts in 1985. The tests of the standardized vehicle shelters for communication service functions will be concluded in 1983; the acquisition of the series will follow still that year, if possible. The car loading cranes for the 40kN trucks and the heavy wheeled vehicles ordered in 1981 will be introduced starting in 1983.

/Ammunition./ The improved ammunition for the Leopard-I ordered in 1980 will have been totally delivered in 1983. Additional orders have been planned starting in 1984. In 1983, war ammunition and ammunition for the Leopard-2 firing supply will be ordered again. Its delivery has been as much as possible matched with the delivery of the Leopard-2 tanks. In 1982 the acquisition was started of improved conventional long range ammunition and modern tubes to compensate for artillery ammunition and tubes used up in practice maneuvers. This policy will be continued in 1983 and later years in order to gradually arrive at a better ammunition package composition.

/Simulators./ Anti-tank missile simulators were ordered in 1982 for (firing) training for the Leopard-1 and -2 and the Dragon anti-tank missile. In 1982 further prototypes of simulators will be tested, so that in 1983 the acquisition of firing simulators for the 25mm flight weapon can be started.

/Infrastructure/ In 1983 also, improvements will be kept to the bare essentials. The available funds will be spent on improvement of the work- and living climate in barracks, warehouse buildings and workshops, infrastructural provisions in connection with the already mentioned materiel plans, and a few special projects. Steps will also be taken to improve management in a few large concerns, such as the 574 Tank Workshop in Leusden, the 150 Depot Company in Utrecht and the central military pharmacy in Amsterdam. The adaptation of facilities on the Leopard-2 and -1 tank will be continued in 1983, and a start will be made with provisions in the framework of the YP-408 replacement. In 1983 a start will also be made in the replacement of the Hojel barracks in Utrecht.

#### The Personnel Policy

The military force is an instrument of society. To prevent the military force from getting into an isolated position as an entity, social acceptance of Defense in general and of the military in particular is of great importance. The credibility of the military force and the position in which the personnel finds itself is based on that. It is also of importance that both within and outside of the defense organization there is room for personnel to participate as fully as possible in the life of society. Unnecessary barriers -- to the extent they still exist -- thus have to disappear.

Also in the discussion on nuclear armament in our country, members of the military force must be prevented from getting into an isolated position. Just like other citizens, the military are not without criticism when it is a matter of nuclear armament. Because of all those reasons, the personnel policy in Defense should -- apart from the effectiveness of the organization, effectiveness of activities and satisfaction of personnel, also deal with social acceptance as a criterion.

The military and civil servants in Defense basically find themselves in an equivalent position in many respects. The regulations in the domain of legal status should reflect that. Special aspects in the task of the military and the serious and unpleasant aspects related to that in some functions justify in a limited number of cases deviating legal status provisions.



## Work Conditions

/General Military Officers' regulations./ The activities on the execution rules of the General Military Officers' Regulations and the Legal Condition Regulations for conscripts require an agreed-upon time schedule for organized consultation on the military with the Central Commission. At the beginning of 1983 the regulations will be put into effect.

The bills for revision and renewed establishment of the Law on promotion and discharge of professional officers and of the Law for the reserve personnel of the military force have been submitted to the Second Chamber on 25 February 1982. On 1 March 1982 a bill followed for modification of the 1931 Military Officers' Law. The simultaneous completion of all these regulations is of great importance

/Discharge Age of the Military./ A policy plan has been submitted to the Central Organized Debate on the Military (CGOM) and the Second Chamber for modification of the discharge age for the military. In principle, one now starts out from a general discharge age for all the military of 58. Because this step is too great for the Royal Navy and because it is desirable to no longer deal with differences in the general discharge age for the military, the increase to 58 years will be implemented in two steps in which, first, the discharge age of 55 years for the Royal Navy will be introduced -- just as for the Royal Army and the Royal Air Force.

The Royal Navy has been asked to draw up models within a short time which will lead to a general discharge age of 55 years for the military navy personnel with application of an acceptable transition regulation.

In addition, the three branches of the military force will draw up plans for the retention in service on a voluntary basis to the age of 58 of those military suited for that. Thereby the increase of the general discharge age to 58 in the future will be facilitated. The possibility of part time work for the military, particularly in the ages of 55-58, will also be considered, as well as the possibility of early retirement starting at age 55, after the general discharge age of 58 has been put into effect.

## Personnel Care

### /Employment Intervention/

Demobilized conscripts have been enjoying preferential treatment for several years already in the filling of vacancies for civil jobs with Defense. Since this regulation went into effect (1 June 1980), several hundred vacancies have been filled in that department by demobilized conscripts. Apart from this preferential treatment, Defense offers a great amount of information, both written and through mobile employment agencies. In those, attention is drawn to numerous aspects of employment intervention. The demobilized military man, at his own request, can be placed on an application list which is sent to a great number of companies. Furthermore, special leave is granted for interviews and for visiting regional employment agencies.



The employment agencies also give training in career-choice at the divisions, and they provide information on higher education. In the Federal Republic of Germany job markets are held for conscripts and short-term volunteers. For the military who want to study after leaving the service, admission criteria are applied less strictly in a field of study for which a quota has been established.

/Royal Military Police/ For considerable time already, the improvement of possibilities for the transition of first class military police -- in possession of the police diploma -- to the civilian police has been a subject of discussion among the departments of Internal Affairs, Justice and Defense. Defense considers it its duty, in the framework of personnel care, to aid these military policemen who want to continue their careers outside the Service as much as possible. In this interdepartmental debate it is considered fair to give to the personnel of the military police who have a police diploma and adequate knowledge and experience, a certain seniority in rank at the time of transition and to integrate them at the equivalent level. In that integration the principle should prevail that the transition to the civilian police should not lead to financial deterioration. In certain cases special circumstances may be taken into account, for example in the transition of military policemen who have served for long periods with the semi-permanent aid in large cities.

#### Fundamental Information

In our country considerable attention has been given for a long time already to subjects which concern the goal and nature of national and alliance-related defense. During the past few years in particular, the problem of nuclear armament has been at the center of attention. Opinions on these subjects are also made within the military force. It is essential that the armed forces' personnel are given the necessary information in this respect. This is a matter of information which does not directly concern current affairs, but goes deeper than daily reporting on current affairs. In this context the term "Fundamental Information" is used. Included are subjects such as the bases of security policy, international relations, NATO strategy, conventional and nuclear armament, democracy and dictatorship.

Responsibility for the content of this form of information rests with the Defense information administration. The prime responsibility for the execution rests with the commanders of divisions and training institutes.

The intention is to start next year with the carrying out of plans in this domain, and that was already mentioned in the Memorandum of Explanation on the Defense Budget for the year 1981.

A task force has made an investigation among divisions of the Royal Navy, the Royal Army, the Royal Air Force and the Military Police into the attention currently given to information on fundamental subjects and on the desires and expectations the personnel have in this area. The investigation was concluded in May of this year.

8700

CSO: 3614/6

## SURVEY OF MILITARY PROCUREMENT PLANS

Bonn WEHRTECHNIK in German Oct 82 pp 47-48

[Text] According to a motion by the Swiss government, the 1982 Swiss armament program, which means the arms procurements for the following years to be approved by the confederal parliament in 1982, plans for 681 million Swiss francs, 50 percent of which will go to Swiss enterprises. This will give work for 3 to 4 years to approximately 1,000 workers employed in Switzerland. The credits applied for include replacement, maintenance and instructional materials as well as a risk factor and estimated price increases by date of delivery. As explained below, the program is likely to be increased to 961 million francs based on additional changes.

The 1982 Military Procurement Program includes the following: 8.3 cm LAW (rocket launchers) 80.

Large numbers of the 8.3 cm Model 50 and 58 rocket launchers (3/4 of the supply) have been introduced in the Swiss army. At a cost of 36 million Swiss francs, the Model 50 is to be replaced with the new rocket launcher 80, or the 58 models are to be upgraded to the level of the Model 80 as an interim solution until the introduction of the new weapon, which will probably not occur until the next decade. The latter measure has already been introduced in 1980. It included, among other things, improving accuracy and extending useful life, adding a new rear portion with new fuse, new night sight and new automatically adjustable shoulder supports.

At the same time, at a cost of 40 million francs, additional ammunition for the rocket launchers, the shaped rocket launcher 59, is to be procured, and the penetration power of the shaped charge is to be improved by 10 to 15 percent.

The rocket launchers 80 and shaped rocket launchers 59 were built by the Confederate arms manufacturers in Bern and in Thun in collaboration with the Confederal powder manufacturer in Wimmis, as well as private industry.

### 10.5 cm Artillery Cannon Ammunition

The 10.5 cm cannons Model 1935, which will become available after the introduction of 207 M-109 tank howitzers under contract, are to replace the 10.5 cm howitzers Model 1946 in the tactical divisions because of their greater range. Since three of the six new cannon divisions will receive these cannons from reserve and training material stocks, some of the combat ammunition will be lacking. For that reason, new casings and charges are to be ordered at a cost of 46 million. Projectiles and fuses will be taken from the howitzer.

### 300 Kg Bombs 79

At a cost of 999 million, additional British Hunting bombs for deployment in Hunter tactical aircraft against tanks, vehicles and ammunition storage sites are to be procured.

### Maverick Air-to-Surface Guided Weapons

160 million francs are requisitioned for the purchase of a number of guided air-to-surface weapons Maverick AGM-64B. They can be deployed against fixed targets as, e.g. antiaircraft positions, stationary or mobile tanks, radar positions, command posts, field fortifications etc. The 1981/II procurement program had already allocated 8 million francs for the adaptation of the Hunter to this weapons system.

### All-Terrain Trucks

Also 160 million francs (77 percent of this will go to Swiss industry) are requisitioned for a first series of 400 all-terrain trucks manufactured by the Saurer firm, to be delivered between 1983 and 1985. They are 220 2-axled vehicles having a payload of 6 tons (Saurer 6t 4x4) and 180 3-axled vehicles having a 10 ton payload (Saurer 10t 6x6). After fairly lengthy testing of eight prototypes of the Saurer, Steyr and M.A.N. firms, the Saurer vehicles were chosen. One of the reasons was that they have a convenient low loading ramp (the coil spring trucks by Saurer and M.A.N. were not considered for that reason.) Finally, only the vehicles by Steyr and Saurer were considered suitable and Saurer received the contract in spite of the fact that prices were 12 percent higher due to "military-political considerations." The changed situation at the Saurer firm, which did not become known until after the Swiss government had decided on the program, necessitated making a new decision regarding the procurement of trucks. The state council, one of the chambers of the Swiss parliament, which was the first to deal with the proposal, decided therefore in June to order 1,200 Saurer trucks instead of the 400 that had been requisitioned. This increased number represents the total military requirement. This has raised the necessary credit from 160 to 400 million francs, which increases the overall military procurement program 1982 from 681 to 961 million. The domestic share remains the same at 77 percent. The other chamber, the national council, will deal with the Program 82 in the fall.

## Fire Extinguishing Materials

340 fire extinguishing pumps and 480 water launchers have been requisitioned at a cost of 39.7 million to better equip the army's air-raid troops in case of catastrophies. The pumps have a motor made by the Swiss Saurer firm, arobon, a pump by Ruetschi, Brugg, and the Confederate Construction Workhall in Thun mounts them on trailers. The water launcher, which can be adjusted to either jet stream or spray, comes from the Albach firm in Frankfurt; Swiss subcontractors are included. This new extinguishing material excels through much greater effectiveness; it has a range of 60 m as compared to the 1952 fire engines which had a maximum range of 25 m.

55 water/foam launchers to extinguish fires in large fuel depots and in factories with flammable installations are to be ordered at a cost of 1.3 million franks. The device from the Swiss firm Primus in Binningen is trailer-mounted. The procurement of fire extinguishing materials, which had been postponed several times due to financial reasons, is to take place between 1983 and 1985.

## Camouflage Material

Between 1983 and 1985, the textile camouflage material consisting of cotton and Jute, which has been in use for more than 30 years, is to be replaced by synthetic camouflage nets at a total cost of 65.3 million (35 percent of this will remain in Switzerland for Swiss subcontractors). This material from Germany has also been introduced in other foreign armed forces. It excels through good camouflage (one side is sprayed with spring, the other with summer and fall colors), as well as great durability, low weight and volume, and simple cleaning and storage

## Stretchers 81

At a cost of 23.7 million franks, 30,000 stretchers developed in Switzerland are to be procured for the medical service, which is also presently receiving 310 all-terrain type Pinzgauer ambulances. The stretcher, which weighs 8.5 kg, is 15 cm longer than the old model 52. The frame is made of light metal, the polyester cloth is covered with PVC.

## Shrapnell-Proof Protective Vest 75

Finally, after several postponements for financial reasons, protective vests for the crews of antiaircraft guns, fire guidance devices and Rapier guided weapon launchers, and artillery pieces are to be procured at a cost of 10 million franks. The Swiss model chosen after field practice between 1973 and 1975 is a vest-like shrapnell-proof garment having inner and outer covering and weighing approximately 6.5 kg.

The Swiss manufacturing firm of the vests, just as the one of the stretchers, has not as yet been determined.

9328

CSO: 3620/35

## BRIEFS

COMMISSIONS CHARGED IN AIRBUS PURCHASE--Socialist leader Dr Vassos Lyssarides shocked the House of Representatives yesterday by charging he had evidence about the payment of commissions in connection with the purchase of the two new Airbus aircraft by Cyprus Airways. The Government has stated repeatedly that the purchase of the two jets, worth a total of 115 million dollars, was agreed without the payment of any commissions. Dr Lyssarides dropped his bombshell in the course of the discussion of a complaint by the Parliamentary spokesman of the Democratic Rally, Yiannakis Matsis, that the Government was refusing to submit the contract for the purchase of the aircraft for the information of the House, without the consent of the manufacturing company, Airbus Industrie. "The issue takes another form, all the more so in view of the fact I have evidence that percentages have been paid, and I have the details of the commissions," Dr Lyssarides declared. He declined to reveal further details pending the debate of the matter by the House subsequently. [Excerpt] [Nicosia CYPRUS WEEKLY in English 5-11 Nov 82 p 1]

CSO: 3500/305

## AUTHORITIES FORCE RETURN TO POLAND OF 105 REFUGE APPLICANTS

## Polish Immigration Increases

Stockholm DAGENS NYHETER in Swedish 16 Oct 82 p 6

[Text] Immigration from Poland is up sharply so far this year. There have been almost three times as many Polish immigrants to Sweden as there were during the same period last year.

According to the SCB [Central Bureau of Statistics], a total of 22,900 persons immigrated to Sweden during the first three quarters of this year. That is a drop of 1,100 compared to the same period in 1981.

Emigration is down by 200. In all, 21,700 persons emigrated from Sweden. The two largest groups of emigrants were Finnish and Swedish citizens.

Since immigration dropped more sharply than emigration, this year's excess of immigration over emigration was barely half as high as last year.

## Most Allowed To Remain

Stockholm DAGENS NYHETER in Swedish 21 Oct 82 p 5

[Article by Agneta Rolfer]

[Text] During the first half of this year, 3,000 Poles were allowed to immigrate to Sweden. Of that number, 2,500 were granted residence permits for political reasons or because they were classified as refugees. During the same period, 105 Poles were turned away.

The 20 Poles who reached Sturup Airpot on Tuesday evening will be questioned by police before the Immigration and Naturalization Board takes over and decides whether they can be regarded as political refugees.

Marie Andersson of the Immigration and Naturalization Board's press office says that the board will consider the fact that the 20 not only left Poland illegally but did so in an aircraft belonging to the Polish Government.

It is probable that the aircraft in question will be turned over to the Polish Government.



"The 20 committed a crime for which they will presumably be punished if they are sent back. The Immigration and Naturalization Board will try to determine whether they are risking an unreasonably severe sentence in Poland. If that turns out to be the case, it can be suspected that there are political reasons behind it."

On 13 December of last year, the military proclaimed military law in Poland. The Swedish Government decided that all Poles coming to Sweden would be regarded as refugees and allowed to stay. That policy continued until 14 May, when the compulsory visa system was applied to Poles, and Poles became subject to the same rules as other refugees.

Of those who were granted residence permits in Sweden during the first half of this year, 500 had ties with Sweden, since they had relatives who already lived here.

The 2,500 who had political reasons did not meet all the requirements set for political refugees, but they were granted refugee status either for humanitarian reasons or because they had ties here.

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END

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